

COMMITTEE ON FINANCE

April 16, 2003

6:00 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Smith.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Mayor Baines advised that the purpose of the meeting is continuing discussions relative to the FY2004 Municipal Operating Budget as follows:

a) Assessors – Tax Base & Overlay

Mr. Steve Tellier stated thank you for giving me a few minutes of your busy time. Yesterday you should have received a small packet. This was a result of a letter that came from Aldermen Lopez, Smith and DeVries asking us to give a little bit of information on how we arrived at our assessment estimate for FY04. When you look at...do all of you have a copy in front of you or do you need one? While I am waiting for the computer to boot up, the cover letter in front of you is a summary of what we have estimated for the tax base for FY04 and I will carry you through that. If you look midway down the center page you will see that the gross taxable is \$5,265,777,104. That is \$5.2 billion. The next step after that is we have to deduct our exemptions so as you can see right there our elderly exemptions total a little over \$111 million. Our disability is a little over \$13 million and our blind is almost \$5 million. This is a total of \$129,660,000. That is deducted from the gross taxable and as you can see we come up with a value of \$5.136 billion. Now we are going to add the new construction. Residential new construction estimates are valued at \$30 million. Commercial construction estimates are at \$22,750,000 million to come up with \$5.188 billion. We have to provide for the offsets. We have about \$250 million remaining in FY01 Board of Tax and Land Appeals cases. Not all of them will be successful but some of them will be. We have provided a \$25 million adjustment for that line and we have FY02 cases outstanding as well. If you will permit me, I have a small presentation.

Alderman Shea asked when will you know when the FY01 cases are completed.

Mr. Tellier answered the remaining ones are starting to be scheduled now. They could overlay into two years.

Alderman Shea asked so in other words they could go into FY04.

Mr. Tellier answered and FY05. Some of these may take quite some time to mitigate.

Mr. Tellier began his PowerPoint presentation. What we have here is our index. This is exactly what you have in hard copy. It is an index that covers all of the pages. This next page here is a replica of the cover page that I sent to you. You will see that the numbers all add up. They are the same numbers. What I am going to prepare to do for you right now is to explain how we came up with the new construction numbers. What I have in front of you is our residential building permit. We have approximately 2,100 permits that we have to go out in the field and do. Out of that we have a little less than 200 new homes. We have another 134 permits...for purposes of this discussion we have categorized them into new construction or new homes, permits that equate to greater than \$25,000 such as the addition of a garage with a family room over the top, a second floor addition or a very large addition to the main body of a house. Then we have permits under \$25,000, which might be garages, smaller additions and that type of thing. Then we have maintenance work like siding, windows, porches, decks, sheds, etc. Then we have use changes. Let me go down for you and explain how we came up with the estimates. Under the new construction we are estimating with the amount of houses...now we have had somewhat of a pretty hard winter here so a lot of them did not get in the ground or were not completed as of April 1, 2003. We are estimating about 80% complete. We adjust that figure downward. We are using per house at this point, \$145,000. Let me explain. We have different housing projects going up all over the City. For example, we have Filip's Glen in the southern end of the City. The average housing is going for about \$275,000. There are 34-36 houses that are in various stages of completion by April 1. We have the Ledgewood Hills community. As you know they are modular construction. It is out on Candia Road. These are homes that come in on a trailer. They are stick built but come in on a trailer and they are set on a pad. These are on leased land. There will be approximately 70 units out there. The total number eventually will go up to 149 units. We have Sandy's Way. These are condos. We have 10 out there. Lisa Lane, which is on South Beech Street. There are 15 out there. Willow Bluff is a series of 42 condominiums of which some were built last year. The remaining balances were picked up this year. There are 18. The Notre Dame properties that are going on the tax roles now. There are less than 10 of those that

are being converted to single-family residential homes. There are also approximately 20 scatter sites throughout the City – stand-alone sites that are being developed. So we anticipate about 175 different homes being constructed at that point. We have attributed a value. The other permits we attribute a value of about \$35,000 for larger additions. The smaller stuff under \$25,000 we are averaging about \$10,000 or so per home on those types of additions or garages. We still had to provide for property that was either damaged by fire or demolitions - those that might have been taken by the Airport or the City for some reason. This would include 787 Elm Street that had a fire. The Shaw's site that as you know Donovan Spring and those entities have now been torn down. It may be a wash this year because of the reallocation of land values and then there are some scatter sites there. So we come up with almost \$30 million in residential construction in this capacity. Going on to our commercial construction, I have listed for your information here some of the more high profile sites throughout the City. The Holiday Inn out on Porter Street. That is completed. Homewood Hotel was not started as of April 1. The Taje Inn as you know on Brown Avenue is a shell with cinderblock and concrete construction. We have Harvey Industries, which is a large warehouse off of Industrial Avenue. When I went to visit it just before April 1 they still had four feet of snow on the roof and the roof tar and gravel had not been done so we are estimating about 80% complete as of April 1. The Fire Station is non-taxable. Galaxy Glass, which is right next to the fire station, that was about 50% complete as of April 1. The Piscataquog Apartments on Biron Street, that was not started due to delays. Waterford Apartments...that is going to be 380 apartments. They have one building that is probably 90% complete. Another building next to it is about 50% complete and the other six buildings were in various stages of just framing or the sub-surface preparation. We have Hackett Hill and Regency West, Stop & Shop...that was the pre-existing Bradlees so the contributory value of that isn't going to be very large because we already had the Bradlees site on the books. There are a couple of small office industrial warehouses out on Abbey Road and Pepsi Road. Henry's Auto is a brand-new facility off of March Avenue. That is a partial construction as well. A small addition off of Auto Fair Honda, the Volkswagon dealer, Centrics Bank is done and St. Marie's branch bank is done off of East Side Plaza. I-Party was on the books last year and we are going to finish it off this year. We have some apartment buildings throughout the City and we also have the Hooksett Road Sunoco. I do have values attributed to these. We didn't feel that it was appropriate on Manchester Community Television to put the new construction values on there when the owners didn't even have notification of the values but if you ask me individually at any time I will be happy to share the values that we have attributed at this time. This is a comparison analysis that we did between Manchester and Nashua. What you have in front of you are the overlay monies that were attributed in each of these years that were taken off the MS-1. As you can see, we have put little notes on here next to it the years of revaluations for

those two communities and also some notes at the bottom. In 1991 the FDIC in October defaulted five NH banks closing them and the recession began in earnest. Recovery started to be seen predominantly in 1995 and forward. As you can see, Nashua's overlay expenditures were over \$31 million and overlay expenditures in Manchester were over \$22 million. That is about a \$9 million difference. What I have is some legislation and assessment notes. One of the most important things that is affecting every community in the State is there are three approaches to value that are used to value property. One is the cost to reproduce property. The other one is the market approach that everyone is familiar with. If you are using apples to apples, if your subject property is a ranch you find three ranches that have sold and through comparative analysis you come up with an indicative value for the subject. The third approach and the one that is given the most weight is the income approach for non-residential income producing properties. Currently there is no law in the State of NH that requires that they submit that information so what they do is it is kind of a calculated risk with these sort of entities. They wait to find out if the assessment that they get is favorable. If they agree with the assessment or it is better than what they thought then they just keep their cards to themselves. If they don't like the assessment then they disclose their income and expense data. The assessing organization and NH Municipal Association is working with models to submit to the Legislature to try to get that changed. Other states in New England that have a cycle of revaluation – Rhode Island, Connecticut and Massachusetts to have laws on the books that require disclosure of income and expense information. Some closure statements. This was...again we spent a lot of time going out into the field to ascertain what was actually in the ground as of April 1. We realize that this is an estimate. It is the best estimate that we can give at this time. We have every faith that the selection committee that is going to be interviewing Assessors is going to go after the best candidate for Manchester to help this office and the City's needs as well. Last but not least, potential increases to the present tax estimate will likely come from two sources. Either further increases in development or new construction that we haven't picked up at this time but as we do our field work we are going to pick it up or minimizing reductions to value attributed to abatement. Those are the two sources. With that, that closes our presentation at this time and we certainly welcome the opportunity for questions.

Alderman Wihby asked on Page 1 where you have the \$25 million and the \$23 million based on FY01 and FY02 is that actual money that is going to be assessed – the decrease in assessments for the year.

Mr. Tellier answered these are decreases, Alderman.

Alderman Wihby asked for one year.

Mr. Tellier answered that is for...the first line of \$25 million was for FY01 that is still on the books. The second line at \$23 million was attributed to provide for a measure for the FY02 abatements that were filed last year.

Alderman Wihby stated what I am getting at is in FY01 the \$25 million is that what you are going to have to do in FY04 or is that...

Mr. Tellier interjected no that is still on the books. We are working on that. That is the exposure that the City has.

Alderman Wihby asked total.

Mr. Tellier answered yes total.

Alderman Wihby asked so why can't that be...I mean you are not going to do them all in one year right.

Mr. Tellier answered no but we are using a pretty modest adjustment of 10% on everything. We have about \$252 million. We have used 10%. Now we recognize that we are going to aggressively pursue defending a lot of these assessments but some may be at 15% or 12%. We just recently settled approximately 35 industrial cases. We had, I think, close to 40 sales of industrial property in the City and after we were done the amount of adjustments were about 4%. The average adjustment was only 4% on that block of property.

Alderman Wihby stated you are losing me. If there is \$250 million in abatements that are potential out there for FY01, out of that \$250 million you are saying that you are going to abate \$25 million in FY04?

Mr. Tellier responded that is our best estimate at this point using the information we have.

Alderman Wihby asked or are you saying that out of the \$250,000 you anticipate that that is going to go to \$25 million.

Mr. Tellier answered if we were to settle every one right now that could perhaps be a close number to what it would mean.

Alderman Wihby asked what the \$25 million.

Mr. Tellier answered yes.

Alderman Wihby asked but do you anticipate settling with everybody in FY04.

Mr. Tellier answered we are going to make every effort to...we met with senior staff of CLT, their appraisal staff today and we have begun talking about an action plan because the longer these go the more in interest and the less likely that we could settle these at a favorable rate for the City so we would like to expedite these as soon as possible. The Commercial Assessor that we anticipate the Board to nominate and hire will assist us with that as well.

Alderman Wihby asked so there is no way of bringing that \$5.140 billion up by saying that in the course of FY04 you are not going to be abating that total of \$48 million.

Mr. Tellier answered I don't think that would be prudent, Alderman. We may have some good news...last year we said it may go down to \$5.125 billion and we ended up at \$5.131 billion if you recall in October. We may have some better news for you mid summer or towards the end of the fall but I don't think that would be appropriate at this time.

Alderman Lopez stated just to follow-up on Alderman Wihby's question. When we met...I think it is \$299 million but you are using \$250 million and you are saying that 10% is only that \$25 million if the cases get settled but if more cases get settled during this timeframe it would be more than 10%.

Mr. Tellier responded it could be.

Alderman Lopez stated but you are estimating only 10% of that \$250 million.

Mr. Tellier replied it is actually \$252 million. It is not \$299 million. It is \$252 million and that is right on track. At this point, again, like I indicated earlier we did a block of industrial property. A lot of this is mixed use. The City is experiencing a much better environment than a great many other communities. We are optimistic that these numbers are as credible as we can be at this time.

Alderman Lopez stated also when we met...I would like you to talk a little bit if you would about ratio. We have a 91% right now and what do you anticipate it to go down to in FY04. Maybe you can give us an example as to how that is calculated in dollars for assessed value.

Mr. Tellier stated what we are going to pass out is an example. What Alderman Lopez is referring to is the assessment ratio for each community. As you all know, we did a revaluation in FY01, however, the market is very dynamic. It is either going up or it is going down. In this case it has been going up substantially predominantly driven by the residential market. What we are distributing to you

right now...any house that is built today has incurred dramatic increases due to the market and construction costs – acquisition and construction costs. What happens and if you look at the bottom of the page I just handed to you on the note, these examples are to be used in general terms only. The assessment ratio as I just indicated is established using a 12-month timeframe six months before and six months after April 1. Each sale is prequalified to determine if it is arm's length. Arm's length is defined as the property has been exposed to the market for a reasonable amount of time, the buyer and seller are acting with full knowledge of the property, there is no undue stimuli affecting the sale like from parent to child or the store buys the house next door because they need the parking lot or something like that and a traditional third party lending institution because if there was a cash sale the assumption is there may be other concerns that would drive that sale. The ratio of each sale is determined by dividing the assessment by the sale price. The ratio of each municipality is determined by statistically analyzing all of the sales and just determining general statistics for that community and the ratio of each community is also one of the many factors used in determining the community state education grant. Student population is one. Infrastructure. The assessment ratio. All of this is included in a very convoluted formula. Lastly, when the market prices exceed assessment, the ratios reflect less than 100%. In a declining market where the market prices are less than the assessments then obviously that ratio goes up. So what I have done is an example here. The ratio is anticipated to be around 77%. We would take a new house that sells for \$275,000, apply the ratio in general terms...we don't do that for each house. We would look at that in general terms because mass appraisal requires that we apply the same benchmarks. If it is an above average grade in a particular community then we would apply that to all of the houses. If it is a more average neighborhood demanding less in market price because they are using a little more average construction techniques and materials, then we would use a different grade. Again, \$275,000 would convert to an assessment of a little over \$200,000. For example, out in Filip's Glen. In the Candia Road Ledgewood Hills, a lot of those units are going anywhere from \$150,000 to \$179,000. Those would come down so that...the whole issue here is proportionality. Everyone recognizes that the market prices are going up but we have to compare new construction to that that was already established in FY01 or they would be paying a disproportional share of the tax burden. This is a State statute. It is the Administrative Rules, the 600 rules with the Administration.

Alderman DeVries stated you spoke briefly in reference to the need for legislation to address commercial assessments and receiving proper income and expense statements from them to do a proper assessment. Can you tell me if you have made any progress with that legislation?

Mr. Tellier answered yes we have. The Assessing Standards Board for the State is working with the NH Municipal Association in looking at language that came from Massachusetts, Connecticut and Rhode Island to submit to this Legislature although the reality is that the Legislature is very much influenced by the small towns. There are 234 small towns and only 13 cities and a lot of time the Selectmen or the representatives that represent those districts are also small business owners. The issue is confidentiality and how that is handled and we are attempting to work on that now.

Alderman DeVries asked wouldn't the small towns have as much to gain though because they wouldn't have the expertise on staff in order to properly assess a commercial property.

Mr. Tellier answered they would. We still have to overcome the confidentiality issue. There are those who own small businesses who feel that they are going to use the business interest of the property to assess the property but that is not it. We are using market rents and market information to look at different types of property and we have to overcome that with information and an active campaign.

Alderman DeVries stated so in essence no bills have been introduced and you are still researching to see if they are going to be introduced in the next biennium.

Mr. Tellier answered there was a bill two years ago although that was shelved to salvage the State education tax. We will introduce that again.

Alderman DeVries stated I have one additional question. Just to carry Alderman Lopez's question a little bit further could you extend the example as to why taking the ratio explanation that you just gave and maybe explain why we might need to go into a revaluation with the new State standards.

Mr. Tellier replied what happens if when we did a 2001 revaluation we established those benchmarks and those standards so any new construction, any new additional value has to be assessed using those standards. So whatever increased valuation areas we have in the City, we can't pick up that additional value because those were already established. Case in point, multi-families throughout the whole City are increasing in value. Rents are increasing at an exponential rate. You guys all saw for yourself the increases on acquiring the multi-families on the West Side. That is a property type that is increasing at an unprecedented rate. The downtown is growing. At the time of the revaluation we were just building the civic center so we were not able to capture any increases in value. There have been venture developers who have acquired buildings and done a lot of work but we have to use those 2001 standards. Now there are other sections of the City that will be increasing. Regretfully with all sympathy to Alderman Wihby the North

End in 2000 realized the quick growth because at the time in 1999 and 2000 that was an area of the City that really realized a lot of quick growth but in 2001 and 2002 there are other sections of the City that have grown exponentially and increased dramatically in value. So this is what happens in a revaluation. It redistributes the tax burden. There will be other sections of the City that will feel the...what will happen recognizing that value. South, West, East.

Alderman DeVries asked so since the ratio of proportionality or since we are beyond the State allowable limit for residential housing it is quite likely that we will when we go to certify in 2004 be required to do at least a residential revaluation in 2005 but possibly not a commercial.

Mr. Tellier answered I would suspect with all certainty it would be what is called an update. Our data is pretty good. We won't have to put a tape measure on every building. What an update is, is we take all of the sales of which we have over 3,600 transfers a year in the City of Manchester. One-third of those right off the top are what is considered non arms length – father to son, business transfers, irrevocable trusts and that type of thing but fully 2/3 of the transfers that we have, approximately 2,400 of that number is being used as qualified sales. Now those are what is going to be utilized in this update to develop new tables and analyze condos, single family residential, multi-family and all of the property types. We won't have to put a tape measure but we are going to have to look at all classes of property. That is not to say that they will all appreciate or change at the same level because the market isn't like that.

Alderman Gatsas asked, Steve, can you explain to me the ratio of each community and how that is also one of the many factors used in determining the State education grant.

Mr. Tellier answered that is a part of the formula that is attributed in the analysis of what the education grant is. My understanding and I can't tell you exactly how that is done. The DRA can tell you that but the equalization ratio is a component in addition to the amount of students and other criteria that is built into that.

Alderman Gatsas asked are you sure it is the grant and not the statewide property tax.

Mr. Tellier answered I think it is both because it is part of both. The grant...you may have me there.

Alderman Gatsas responded I am not looking to get you there. I thought maybe you were going to teach me something.

Mr. Tellier replied no. You have a total adequacy that is arrived at for each community and then you have what the value of the community is and what it can generate. The remaining balance is the grant. So what the town or municipality can generate has to do with the equalization ratio, its MS-1 and all of those components. It is not really one but it is one part of the entirety.

Alderman Gatsas stated I think you ought to check your facts.

Mr. Tellier responded I think I have that down but I will check and get back to you.

Alderman Lopez stated I want to go to...in my documentation before when we met and I don't see it on this one but it is in reference to the utilities. Could you...the utility values are not known until August. Why is that?

Mr. Tellier replied the DRA sets the utility values throughout the whole State. What happens is you have major utility holdings – Public Service of NH that has holdings throughout the whole State. The DRA compartmentalizes or attributes a share to each community because it transverses town lines.

Alderman Lopez asked so they set the value on the utilities.

Mr. Tellier answered in August that is correct.

Alderman Lopez asked like in the MS-1 that we sent up last year we had \$94 million.

Mr. Tellier answered yes we had \$94 million for Public Service.

Alderman Lopez asked is that based on...is that the new building that they moved into.

Mr. Tellier answered that was part of it. You have the hydro and all of the transmission lines and the sub-stations and their real estate holdings and right-of-ways – everything is included in that number.

Alderman Lopez asked have you looked at that. Now this year they are in a new building and they were rated on the MS-1 at \$94 million.

Mr. Tellier answered the new building was picked up last year, Alderman.

Alderman Lopez stated my question to you is this. If the ratio is going to go down and if they value it at \$94 million again because they have a new building...I mean let's just say that for sake of argument and they were rated at 91% and this year on the MS-1...is there something missing here that if it is down to 77% and you haven't got the final number from the State I presume...

Mr. Tellier interjected we don't. That number could be adjusted somewhat. What I don't have here is all of the smaller commercial...

Alderman Lopez interjected let me give you my train of thought so I don't lose it okay. If the \$94 million is the same this year as it was last year going into FY04. If the State sets the ratio then the 91% was calculated before so the new ratio would be calculated. Would Public Service lose valuation?

Mr. Tellier answered there might be an adjustment to the Public Service evaluation but that won't be determined...the ratio we know pretty much what it is going to be. Public Service's share may increase. We don't know that. There have been years where Public Service's attributed value has increased. There was a year where it increased by \$30 million so we don't know that.

Alderman Lopez stated I realize that but potentially if it was a 75% ratio and the valuation stayed the same then we would lose.

Mr. Tellier answered there would be a reduction on that side.

Alderman Lopez asked so then that would come from...

Mr. Tellier interjected the utility.

Alderman Lopez asked the \$5.140 billion...you would have to deduct from that to get down below that.

Mr. Tellier answered that is right but on the offset if we have anticipated perhaps \$25 million in exposure for the 2001 abatements and we don't get to them, which is what Alderman Wihby just talked about that could offset the adjustment to the Public Service. What we have attempted to do here is to provide for all avenues of contingency to the best of our knowledge. Our crystal ball is cracked. We spent a great deal of time here and trust me we have learned a lot of lessons. We spent a great deal of time analyzing this to come up with the best estimate that we can at this time.

Alderman Lopez asked does the...does everybody use this in all the cities and towns. The State gives them the valuation of all the utilities or just Manchester? Is there some type of special agreement?

Mr. Tellier answered there are some towns that have aggressively pursued higher values for the utilities. They have hired some hired guns in the form of engineers and appraisers but I can tell you, quite frankly, that 50% of those have been successful and 50% of those have cost their communities dearly in the form of lost cases and exorbitant abatement refunds.

Alderman Lopez asked so this is the way it is. We can't tax them directly then?

Mr. Tellier answered we have an agreement through FY04 at this point I believe to use the State's...

Alderman Lopez interjected then what happens.

Mr. Tellier responded then it would be up to the Board of Assessors to decide at that point whether they wish to entertain other methodologies of valuing or look at a 10 or 15 year timeframe to see if we have been well served in the type of agreement that we have going currently.

Alderman Lopez asked what kind of agreement is that.

Mr. Tellier answered that we are using the DRA's unit method.

Alderman Lopez asked for what purpose.

Mr. Tellier answered for valuing a utility.

Alderman Lopez asked and how long is that agreement. Ten years you said?

Mr. Tellier answered it is through FY04 at this point I believe.

Alderman Osborne asked when you have the revaluation in FY05 what do you feel the percentage of increase per dwelling will be.

Mr. Tellier answered I wouldn't even take a guess at this point.

Alderman Osborne asked roughly.

Mr. Tellier answered I wouldn't even take a guess at this point.

Alderman O'Neil stated I just want to thank the Assessors. This is the simplest I have seen this information presented over the years and it is very clear and to the point and I want to thank them for that.

b) Police Department

Deputy Chief Jaskolka stated on behalf of the men and women of the Manchester Police Department I thank you for taking the time to listen to our FY04 budget presentation. The first slide we have here tonight shows our growth in the department over the past four years. In FY04 it is 262 budgeted officers and 22 grant positions. The next slide shows the MPD budget for the past two years including this year's budget. As you are well aware the two top lines, salary and benefits are contractual and the rest falls in as our best estimates are noting that the operating costs are up. There is an increase in the operating cost of \$47,205 and the reason for that is there is a \$42,000 increase which is required to pay to fund a \$121,877 local match grant and also \$42,005 is the grant that we pay towards the local match for a grant that we receive \$604,288 for. The next slide is a graph of the expenses and capital over a five-year period. Our two critical public safety needs that we bring to you tonight...first of all is we wish to maintain our current complement of police officers. The purpose of this is to continue our high level of service to the community. As you can see, the calls for service over the last two years have averaged 99,379. That means we have actually sent a police officer to a call that many times. Viewing the computer screens we have certain calls that mandate at least two units being sent. That tells us that 38% of the calls listed we have to send at least two units. This brings the number of responses to calls to service to a minimum of 137,143. That is just two-car calls. That doesn't include calls where we send three, four or five cars. Again, the ratio of officers to population. You will note that Manchester has the lowest ratio of all major cities in the Northeast. Growth in the City continues yet our ratio of officers to population has stayed the same. Our second public safety need is that we are in need of 23 new police vehicles, marked police vehicles. Our current fleet is driven 1,300,000 miles a year. That is mileage equal to traveling from here to California on a daily basis. By May of 2003, 20 of our vehicles in the fleet will have well over 100,000 miles on them and some have over 120,000. Given their 24-hour, 7-day use, for the sake of officer safety these vehicles need to be viewed as consumable and must be replaced immediately. As you can see, over the past several years our complement of vehicles or our replaced vehicles has gone down. In 1999 we replaced 13. It has gone down since then with no vehicles being replaced in FY03. On the other hand, having the older fleet, the older aging fleet, our cost for vehicle repairs has gone up. As of April 10 of this year we spent \$117,712 on vehicle repairs. The projected total for the year is going to be \$154,500 to repair the vehicles that we currently have. That includes major repairs such as transmissions, rear ends, catalytic converters and a lot of the

interior portions of the car. Finally, our revenue budget by category. Again, these are the best estimates that we have where you note the reduction in the budget is in parking tickets. A lot of that happened over the winter months. We actually suspended tagging for a couple of weeks and we were also short one parking control officer due to an injury she had sustained.

Alderman Shea stated I wondered...the President today signed a homeland security bill along with \$80 million. Can any of that money be used for vehicle replacement or is it strictly for salaries or some sort of authorization for types of security measures that have to be put in place?

Deputy Chief Jaskolka responded at the present time I haven't seen what the actual allocation of that money is going to be. It is most likely going to go to the State itself and the State will allocate it from that point. I don't know what it is going to be spent on. I have already instituted a program where we are tracking what our officers are doing with regards to homeland security up to and including the overtime that we spend for the officers that have been activated. At the present time, I don't have an answer for you because I haven't seen any information.

Mayor Baines stated the formulas that I am seeing do not allow overtime at all.

Chief Driscoll stated with the limited information that we have so far it would very, very unlikely that they would let us supplement the City budget and purchase equipment. Typically they haven't done that and I don't expect that they will allow that. I think it will be used for emergency management equipment and new items for public safety.

Alderman Shea asked is it possible for any expenditures that you might have to encounter on a regular basis that this particular money could supplement in terms of...is it just for additional costs and expenses.

Chief Driscoll answered the money we have seen so far has been used for emergency management, for protective suits, for gas masks, emergency command posts that can move throughout the State, etc. To think that the City could capitalize on the grant and get police cars, I don't see that happening.

Alderman Shea stated what I am saying is because of certain security problems that the police have to respond to they have utilized certain vehicles I would assume in terms of having to answer emergency calls and so forth. Isn't that a legitimate expense that has been incurred because of homeland security difficulties?

Chief Driscoll responded I think that has yet to be determined. Since September 11 we have, in fact, reported to the Fire Department all expenses on a monthly basis and that is being forwarded to the State and we hope to get reimbursed. The City will hopefully get reimbursed for some of it. I don't know how much.

Alderman Gatsas stated, Chief, I believe the other evening Deputy Commission Stephen was here giving an overview along with myself and Senator D'Allesandro and I believe he stated that in this next allotment that should be coming it is in his best judgement that Manchester would be in receipt of somewhere around \$287,000 for equipment. My suggestion is maybe you can contact him in the next day or so to get an idea of what equipment is on that list and maybe we can make some alterations on equipment that you are looking for in your budget. I know that police cruisers are not part of that equipment but I think that you may find that there are other things on that list that are available. If you could check with him and get back to us and let us know if anything fits the bill for \$287,000 before we go through this budget process it would be greatly appreciated.

Chief Driscoll answered we can certainly do that.

Alderman Thibault asked what is the complement right now of police officers.

Chief Driscoll answered 284 total personnel and I think it is 202 sworn police officers.

Alderman Thibault asked and those positions are all filled presently.

Chief Driscoll answered no they are not.

Alderman Thibault asked how far behind are you.

Chief Driscoll answered I think we have three open police officer positions and we plan to fill those on June 1.

Mayor Baines stated you also have people on active duty. Six right?

Chief Driscoll answered yes.

Alderman Osborne asked what is the cost of a police vehicle roughly. Is it \$26,000 per vehicle?

Chief Driscoll answered it is about \$25,000 by the time the vehicle is purchased and equipped.

Alderman Osborne asked so that is for 23 vehicles. The total package comes to \$26,000 or \$25,000?

Chief Driscoll answered it comes to \$25,000 and 26 x \$25,000 is \$575,000.

Alderman Lopez asked under the revenue budget in your presentation I noted that in FY02 and FY03 and then in FY04 we go down in parking tickets. We go up in school chargebacks and witness fees and administrative. The overhaul is down from FY02 and FY03 and I know that nobody likes to get a parking ticket. I know there are a lot of complaints in the neighborhoods about people parking in the wrong place and all of that. Why would your revenue go down if we had a constant in FY01 and FY02 and FY03? Why would it go down? Where I am coming from is looking at the statistics by ward on the crime report and all of the things you put together at year-end. I was wondering why it would go down if everything is on an up.

Chief Driscoll answered the majority of that revenue is derived from the parking control officers. Certainly the other violations that are given by the officers like the odd/even parking and the parking too close to stop signs and in no parking signs contribute to that but this year we saw a reduction and projected the number based on that reduction. Hopefully it will be more than that but that is the number we feel we can count on.

Alderman Lopez asked are you satisfied with the budget that has been presented.

Chief Driscoll answered it will be very tight but if that is the budget that we are giving by the City fathers we will do our very best to fulfill our responsibilities to that budget.

Alderman Shea stated this is addressed to Randy. Earlier this evening we discussed certain CIP bond balances that have not been used and you are familiar with that. Is there any opportunity if we were to come up with any additional monies that are not asked for by different departments to use some of that bonding in order to buy vehicles or is that...

Mr. Sherman interjected police cruisers don't qualify for bonding. Their useful life and I know the City uses them forever but really the general rule under IRS is like three years for a vehicle and that is really not a bondable item.

Alderman Shea asked are there other ways that we could circumvent that by using the bonding that we get for certain projects that would be of long-term duration and then shift monies from whatever is preexisting now to that.

Mr. Sherman answered you would have to find something else in the Mayor's operating budget that he has proposed where we could use those proceeds. We could reduce that money and then put it into the MER account.

Alderman Shea asked now who would tend to look into that. Would it be Bob MacKenzie or you? Could you do that so we might be able to...

Mr. Sherman interjected I can tell you that most of the departments have stripped out all of their equipment out of their line item. When the Mayor came through and asked for a 2.5% increase cap on the budget most of the departments took that out first including somebody like Diane Prew who does a lot of work with equipment. The departments just stripped down. We certainly can take a look and see if there are any items. The one that does come to mind is in the school budget where I know that within their transportation line item school buses there is I believe \$114,000 to buy four buses and that is a possibility.

Alderman O'Neil stated I would like to stick on this topic of vehicle repairs. When I looked in your budget you projected that you would spend about \$95,000 this current year for vehicle repairs. Is that right?

Chief Driscoll answered I think that is the amount that was budgeted but this year already we have spent \$117,000 and we anticipate that we will spend another \$36,000.

Alderman O'Neil stated so in that line item alone you will spend \$60,000 over what was projected when the budget was approved.

Chief Driscoll answered that is correct.

Alderman O'Neil stated I know you did a study at one point and spoke with a number of departments from around the State and I apologize that I don't have it with me tonight and I don't know if all members of the Board have that report but if I recall from what I read in it, it is pretty much the community's that fund vehicle replacement not only with police but with other agencies with light duty vehicles. I think we just have to bite the bullet and get on a program and replace X number of police cruisers or pick-up trucks, etc. every year. We have been fortunate enough to keep up with the Fire Department because a majority of their vehicles are bonded but I think if we ask the Chief when he comes up later their cash vehicles are tired. It is an issue in the City and we need to address it. I need to compliment the department. With the low ratio of police officers to population we continue to get great service from the men and women of the Police Department and that is a credit to you, Chief Driscoll, and all of the men and women who serve with you. My final comment or question is to follow-up a little

bit with Alderman Lopez. Are you comfortable that all of your salary and benefit requirements for your three bargaining units and non-affiliated employees are covered in the Mayor's recommended budget?

Chief Driscoll stated the Teamsters have not settled their contract. I don't believe and correct me if I am wrong Steve, that there are dollars there for that contract to be settled. No. The contract hasn't been settled and there are no dollars but they are the smaller bargaining group and that is something that needs to be addressed.

Alderman O'Neil asked do you know off the top of your head how large that bargaining unit is.

Chief Driscoll answered I can't tell you that.

Alderman O'Neil asked but your two patrolmen are settled and that is included in here and the supervisors have settled and that is included and also the non-affiliated numbers for the department are in here.

Chief Driscoll answered yes. You asked about that report that we did on vehicles. I would be pleased to have that distributed to the Aldermen. It had some good information. It was a 1999 study that the City had done. It talked about two things. The first of which was vehicle maintenance and the second was a plan to do routine replacement in some orderly fashion.

Alderman O'Neil stated you also recently requested some information from some departments around New Hampshire and I think that information would be helpful if the Board doesn't have it.

Chief Driscoll replied it is all included in that report.

Deputy Chief Jaskolka stated I have that report and I will pass it out and you can read it at a later time.

Alderman Gatsas stated Chief Jaskolka I can't believe that Chief Driscoll did this to you. Chief, can you explain to me...I am looking at the salary line item and the department request was \$12,803,000, which is roughly \$85,000 more than the modified budget of FY03. Is that the request that the department made?

Mayor Baines answered no that was the 2.5%.

Alderman Gatsas asked 2.5% on which number.

Mayor Baines replied I don't know how they aligned their line items but the overall bottom line had 2.5% cut and then they proportioned that as to how they thought they could meet it.

Alderman Gatsas stated I guess I find it...I look at every other line item and they basically line up pretty closely with the Mayor's recommended and the department request and if I just go to the line item of wages and I put in 2.5% I come up with \$13,039,938. So, \$12,803,000 isn't a 2.5% increase.

Deputy Chief Jaskolka asked is that modified budget number that you used.

Alderman Gatsas answered I took the FY03 modified, which is \$12,721,891. I took that number and I multiplied it by 2.5% and I came up with \$13,039,938. The request that you made was \$12,803,454, which is a difference of \$36,484.

Mr. Sherman stated let me chime in here. We needed to adjust that for the health insurance reserve that in FY03 was budgeted under HR and FY04 was going to be budgeted under each individual department. We needed to adjust that modified number. We also needed to adjust the FY03 modified budget for contributory retirement, which again had been budgeted just under HR last year and under FY04 it was being budgeted under the department. That number was then given to the departments and increased by the 2.5% and that is the number they had to live with. In living within that budget they were required to cover all of their benefits. Now a department like the Police Department and you are going to hear from the Fire Department shortly, they had a major increase just in their State retirement number. They were required within that 2.5% to cover that. So, what most of the departments had to do ultimately to cover the retirement issues and the health insurance issues they had to go in and cut salary lines. I know when the Police Department first came in and met with the Mayor and the other City officials I can't remember the exact number you were looking for for salaries but it was hundreds of thousands of dollars that you needed...

Chief Driscoll interjected it was a \$911,000 difference.

Mayor Baines asked and you were projecting how many lay-offs.

Chief Driscoll answered 23.

Mr. Sherman stated I guess what I am saying is you are not going to be able to take the budget book and look at the FY03 modified budget and just take 2.5% across because we needed to modify that number when the Mayor laid out his guideline to the department.

Alderman Gatsas asked so should we have the department up here in front of us or should we have Randy Sherman because certainly I am not looking to ask the department questions on some budget that Randy Sherman built.

Chief Driscoll answered Randy Sherman didn't build this budget. He worked with us to provide us accurate figures but the problem we always get into is we are always using different numbers. We met with Randy on two different occasions to make sure we were talking apples to apples. With all of the changes in the healthcare, the FICA, the retirement, the dental, all of those different numbers changing throughout the budget process we needed to know what our bottom line salary was that we needed to pay...if we were able to keep our whole complement through the year we needed to know what that number was. We met twice with Randy. We came up with a number and he came up with a number that was actually a little bit higher than ours and we went with our number adjusted based on all of the HR information and we believe that the \$12,803,000 salary number is almost what we need and we believe that we can make up the difference through positions we have vacant throughout the year. When I was asked by Alderman Lopez does our number work with the Mayor's number, although it will be very tight and we will have some catching up to do, as long as we don't have any major crisis' through the year that in fact will do it for us.

Alderman Gatsas stated so basically if I take your bottom line number of the FY03 modified budget, which is \$18,241,240 times 2.5%...

Chief Driscoll interjected can you give me that number again.

Alderman Gatsas asked what sheet are you working off Chief. Are we all on the same sheets here?

Chief Driscoll answered I think we are. We are working on the Finance sheet. I am just trying to catch up with you.

Alderman Gatsas replied not a problem. I just want to make sure because the last time we went through this everybody had different sheets. The modified budget for FY03 is \$18,241,240.

Chief Driscoll responded correct.

Alderman Gatsas stated if I multiply that times 2.5% that would be \$456,031. The number I come up with is \$18,697,271. That is less than the department's request. Can somebody explain to me so that we can go forward? If we are using 2.5% on the bottom line to grow the budget are we using 2.5% in some instances and not in all? I don't know if Randy is going to answer it.

Mr. Sherman responded I will walk you through the number. It started with the \$18,241,240. We then added...

Alderman Gatsas interjected first I want an answer...obviously the department request has to come from the department. They were told that it was a 2.5% increase that you were dealing with on the bottom line. At least the bottom line should be 2.5%.

Chief Driscoll stated those were the initial guidelines. At one point we met with the Mayor and we twice met with Randy Sherman and said flat out that number didn't work. It resulted in 23 lay-offs if, in fact, all of the health, dental, FICA and all of those numbers were accurate. Those numbers were adjusted to the 2.5% and we came up with the number we are now using, which is the \$19,292,743.

Alderman Gatsas stated then I can only go to the last line and ask you where did the \$18,831,733 come from. At the top of that it says department's request.

Deputy Chief Jaskolka replied that number was provided by Finance. It was 2.5% less some health insurance reserve money.

Alderman Gatsas asked is there any way that you can provide us with your initial request to the Mayor's Office.

Chief Driscoll answered certainly but the number was based on the 2.5% and estimates from all of the HR numbers when the numbers weren't finalized. It was a ballpark figure budget.

Mayor Baines stated I am going to have Mr. Sherman walk us through the numbers so we can try to follow this through.

Mr. Sherman stated we started with the FY03 modified budget of \$18,241,240. From there we added on what had been calculated as their share of the health reserve that was currently budgeted under HR in FY03, which when we were allocating out health insurance for FY04 the reserve was allocated out to the individual departments. We take the \$18,241,240 and added \$102,880. We also added...

Alderman Gatsas interjected where is that number.

Mr. Sherman responded that was a number that was calculated based on the reserve that was in HR's 2003 budget. They calculated a 2003 reserve but it was all in HR's budget. In order to require the departments to cover the FY04 reserve

we had to increase their FY03 budget proportionately. The other issue is we are also asking them to pick up the contributory retirement number for the City retirement system. That again in the last couple of years...we always allocated these things out and in the last couple of years that number was also exclusively within HR's budget. We also added \$28,341 to the bottom line of the FY03 modified. That got the Police Department's budget to \$18,372,461. We didn't change any budgets in FY03 but that was then the number that we used to calculate the 2.5%. If you take that \$18,372,461 times the 2.5% you will get the \$18,831,773.

Alderman Smith asked in regards to your budget I assume you can live with it. You are looking for fleet replacement. When you presented this to the Mayor or the CIP Committee did you put in for vehicles or was it dismissed or what?

Chief Driscoll answered we have many times talked to the Board about our fleet. Because they are not an actual CIP bonded item we haven't put it in a bond but we always send it down in a timely manner to be included in the CIP budget and that absolutely was done this year.

Alderman Smith asked did you ask for a general obligation bond or anything like that.

Chief Driscoll answered they can't be bonded. We ask for the money out of the CIP allocation.

Alderman DeVries stated my question is probably for Randy. When we figured the health insurance on this budget what was the multiplier used? Was it the 20%, the 12%, the 9.8% or other?

Mr. Sherman answered the numbers that are currently in the Mayor's proposal are based on the actual expenses that we are seeing in FY03. Not the budget that we have in FY03 but the actual expense that we have in FY03 by the 9.8%.

Alderman Wihby asked, Randy, the retirement. Yesterday we heard it was off by \$800,000. What I am hearing today is you have put it into the departments already.

Mr. Sherman answered what we did for the retirement is we calculated it as part of the department's budget but we were using the percentage based on the prior year's actuarial report. Now we have...I believe it was April 4 we got the new numbers in based on this year's actuarial report and the number is coming in almost twice the percentage that we used.

Alderman Wihby asked the numbers that you see for the retirement...so the plan would be to put \$800,000 in a line item retirement and then give it to the departments later on.

Mr. Sherman answered we would have to allocate that out to the departments.

Alderman Gatsas asked over and above the \$843,000 that the Mayor has.

Mr. Sherman answered exactly.

Mayor Baines stated that is what I talked about last night. We were talking about the Fire Department budget and that was the number that we recently received and Mr. Clougherty had indicated to me earlier that they were going to go through the numbers and verify them to see if they might be off.

Mr. Sherman stated unfortunately that is pretty consistent with the Fire State retirement numbers. Their number came in over 100% higher as well.

Alderman Lopez stated I just want to go over this, Randy, one more time on bonding for vehicles. Has the City ever done that and before you answer that, Nashua does it and in the bond guidelines it indicates that we can bond for vehicles. I know what you are saying with the five years and all of that stuff but if we are in dire need of vehicles, what would it do if we were to bond for vehicles that we need for safety?

Mr. Sherman answered let me go back to your first question. I have been with the City for 19 years and I have never seen that we have bonded for passenger vehicles. Certainly fire trucks, highway packers, plows and those types of things. In essence what I have always heard is that the cruisers really have a two-year life. That is about the extent that the Police Department would like to use those for. Now granted we pass them on to other departments but in essence if you set-up a program and you get into bonding those, I can't bond it any longer than two years. If you are in a program and every year you fund it on a cash basis what you are saving is the interest. You can only issue the bond for the life of the asset. So you would be bonding an operating expense – something with a two-year life really is more of an operating expense.

Alderman Lopez asked do you think that with the special accounts that we have set out when we get extra revenue that is where the cash is going to come from maybe. Is that a possibility?

Mr. Sherman answered you are not the first to have asked that question. I will be consistent with my answer. Again, those accounts are more for a one-time

expense. Again, this is more of a recurring type item and I don't think it meets the definition of a capital item.

Chief Driscoll stated in regards to the Nashua issue, we did check with Nashua and the report that we are going to give you outlines the six largest communities around. Nashua presently has 22 marked vehicles out of their fleet of 65 vehicles. I will point out to you that we in Manchester have 53 vehicles in our fleet so a smaller City has a lot more vehicles than we do. Seven to eight of their vehicles are replaced annually. It is funded through the department's general fund – a line item. They go to bid themselves, which we found very interesting as opposed to going with the State bid. They buy the 100,000 mile warranties on their vehicles. They only keep them for 75,000 miles because then they can turn them in and they get \$5,000 or \$6,000 back on that vehicle for the purchase of next year's vehicle. We found that...you know there are a whole bunch of different scenarios used around the State to purchase cars as opposed to what we do.

Alderman Shea asked, Randy, is it possible to set up some sort of a fund to put money in to replace vehicles. In other words, can we creatively or as Alderman O'Neil would say can we think outside or inside the box in order to get some sort of a fund established so that if we were to put money there we could use that for this purpose.

Mr. Sherman answered we could set up an account that would be funded...a trust fund type of situation and fund vehicles. Ultimately I think that is where you want to get so really what you are doing is you are funding the depreciation on the vehicle so the money is always there to replace the vehicle as it comes up.

Alderman Shea asked could we move money from one reserve fund into a specially designated one in order to do what we want to do.

Mr. Sherman answered yes. All of those funds obviously have an escape clause that with 10 votes you can move the money. I am not sure I would recommend in the first year that you have an account to come in and move it for a different purpose but certainly I know that the Highway Department has been working on a motor vehicle replacement plan that they are putting together. I think they have taken the one that John Snow had developed back in the mid-90's and they are trying to revise it and update it and get all of the statistics. I have mentioned to Kevin Sheppard that we need to sit down and look at the funding requirements and really bring forth a plan to the Aldermen.

Alderman Shea stated just to follow-up we do have a reserve fund now, which you said would not really be legitimate to tap into but if we sub-divided that and kept \$300,000 in that and put \$300,000 in another fund, which we designated as being for the purpose of these vehicles couldn't we do that.

Mr. Sherman responded again with 10 votes you can move any of that money.

Alderman Shea stated well maybe we should try to do that. Maybe somebody else will discuss that but if we need money for vehicles and we have money available and we can establish a fund the sooner we do it to help the Police Department the better I say.

Mr. Kevin Clougherty stated this is an issue that has been plaguing the City since I have been here and I think there is a solution along the lines of what you are talking about, Alderman, that is going to be in sight in a reasonably short time. Just as we have that trough that is occurring on the School District side for the fiscal year conversion bonds you have a similar trough on your side. That is an ideal application. You should not be using that trough on the City side or you would be issuing more debt. You should be using that to do pay as you go type of things like you are talking about tonight. I think in a matter of a year or two this problem that has really plagued this Chief in his whole tenure is not going to be burdening the new Chief because we will have gotten there and be able to put in place those things. It is not going to happen for this budget cycle but certainly in the next year or so we can come back and that is what Randy is saying is you have to go out and put in place the Motorized Equipment Replacement program and put it on a schedule and find out what that is and then that funded can be applied to that instead of going out and bonding which would be a generational shift that you are going to see.

Mayor Baines stated so our feeling is that in another year we are going to be able to begin to address this issue and put in place a process that subsequent department heads will not have to deal with any longer.

Alderman Shea stated my only comment to that is if they need vehicles now I am not sure how we are helping them now if we are going to postpone this for another year.

Mayor Baines stated again any kind of a change relative to that issue would require 10 votes of the Board.

Alderman Gatsas stated just doing some simple math here if I take the wages up until 3/29 and do a division of 9 times 12 I come up with an annualized amount of \$12,250,000. Does that mean there is going to be about a \$500,000 lapse.

Mr. Sherman asked are you taking the \$9.189 million.

Alderman Gatsas answered yes and dividing it by 9 x 12 and I come up with \$12,253,082.

Mr. Sherman stated I think there is one extra week the way the calendar is falling and I don't know what their weekly payroll is but...

Alderman Gatsas interjected so if I add \$210,000 to that it brings us up to let's say \$2.5 and it looks like a lapse of about \$221,000. Maybe that will pay for your cruiser.

Chief Driscoll stated you do math much better and much quicker than I do but the most recent Finance Department reports that I reviewed showed that as of the last day of March we had 25.84% of our budget remaining for the last quarter of the year. In the last quarter of the year a lot goes on in the City of Manchester. I was very comfortable that that would put us right on the money in the black but with pocket change left over.

Alderman Gatsas stated I am just looking at the wages. If I take that wage of \$9.189 million and divide that by nine months and multiply it by twelve months I come up with \$12.250 million. If I give you \$250,000 for the additional week it brings you up to \$12.5 million, which looks like it is about \$221,000 more because you can't move the wages into any other line item can you?

Chief Driscoll answered yes. The guidelines that we have been given by this Board and by the Finance Department is that we have a bottom line budget. I might get myself in trouble here.

Alderman Gatsas responded you just did, Chief.

Chief Driscoll stated let's talk reality though. We are going to pay \$160,000 for vehicle repairs this year and that money has to come from our budget.

Alderman Gatsas stated I am trying to help you, Chief. It still tells me...my understanding, your Honor, is that the only line item that can't be moved in this budget is...well actually only two or three which are salary account, the health insurance benefit account and the dental account and the retirement account. Other than that...the rest of them you have pretty free reign to move within the line items.

Mr. Sherman stated they are allowed to move the salary but they have to come back through the Mayor and get approval to do that. You are right, if there are a couple of hundred thousand dollars there they would be allowed to come in and make that request. The problem that they would have is they don't have...unless they can hop on a State bid real quick they wouldn't have time to go through a procurement process.

Alderman Gatsas asked what process.

Mr. Sherman answered a procurement process.

Alderman Gatsas stated someone has to tell me is there \$250,000 there or not.

Mr. Sherman responded I don't know.

Chief Driscoll stated I don't think there is \$250,000 there. I think we are going to be right on the money. I think we are going to come in in the black as I said with pocket change left over and we are going to be very thankful that we were able to do that after all kinds of...just in that one...that Uno Kim homicide, the Joseph Brothers, the bill for that now is running close to \$40,000. That is overtime.

Mr. Sherman stated they do have a holiday pay in June for \$100,000.

Alderman O'Neil stated I think it is great that we are having a discussion on vehicles because it has been a topic that we have discussed for many years and really have done nothing about. I am pleased to hear from the Finance Department that in a short period of time – maybe a year away, we are going to be able to set up some sort of fund to do our cash vehicle replacement. We do have some immediate...I happened to speak with Deputy Chief Leidemer and they have anywhere between 15 to 16 regular cruiser routes on the street 24 hours a day, 7 days a week. The Highway Department...we do bond front-end loaders and freighters and garbage trucks but they have an awful lot of pick-up trucks and one on dumptrucks that we can't bond that are used for snow removal and the other services they provide. The Fire Department, their demand may not be as great as those two departments but they could use two or three light duty vehicles every year. Just tonight the CIP Committee voted to accept a 1988 car that was donated to the Fire Department by the Transit Authority to replace a van that is used every day that could not pass inspection. We have an immediate need. I appreciate that we are going to be able to address it in the future but we need to come up with something this year. I don't think we can wait another year. The fleet is aging and it is falling apart.

Mayor Baines stated I just want to remind the Board that the money has to come from somewhere and I haven't found that magic fountain of money if somebody is looking for it.

Alderman Thibault stated I am a little confused. It seems to me the last time I was here we used to have a replacement account to replace these police cars. We used to buy four or five a year if I remember right. What happened to that account? We used to have a replacement account in the budget and we used to replace four to five cars every year. Am I right, Randy?

Alderman Wihby stated I think it was CIP Cash that we used for that.

Mr. Sherman stated you used to budget an MER Cash account like you do the CIP cash account and typically it was in the \$300,000 to \$350,000 range and that allowed...you know when cruisers were \$10,000 or \$15,000 they could get 10. Through a period of time it has been reduced all the way down to \$50,000 and it used mainly for maintenance. Very little new vehicles are bought with that money.

Alderman Thibault stated then that is the problem. They never should have cut that account down. It was set-up for that purpose and if anything it probably should have been increased by \$100,000 or \$150,000.

Mayor Baines stated again you passed the budget last year where the bottom-line of the budget...you didn't budget for anything.

Alderman O'Neil stated our great historian of the Board, Carol Johnson, said that she believes it happened when we did our 18-month budget. She said we funded vehicles the first year and never funded vehicles the second and that is when that issue kind of came to play. It was nothing intentional. It just happened.

Mayor Baines stated if you remember the chart you will see that there are peaks and valleys and in 1995 you bought one then you bought twelve and twenty and then in FY98 you bought none.

Alderman Gatsas asked what is the current rate that we are bonding.

Mr. Sherman answered the last numbers that we ran for school were under 4%.

Alderman Gatsas asked so explain to me what the cost would be if we bonded 20 vehicles. How much is it? What would that \$500,000 cost us in bonds?

Mr. Sherman answered \$20,000 a year but you are only borrowing for two. I think more than the interest issue is the fact that you are sending the wrong message. You are sending the message that you are bonding operating costs.

Alderman Gatsas asked who are we sending the message to.

Mr. Sherman answered to Wall Street.

Alderman Gatsas stated well I would think that sending that message at a time when we are paying 60% principal and 40% interest the way we are repaying our loans Wall Street would probably look at us and say that doesn't make much sense with the way that rates are. Can you talk to me a little bit about GARB bonds and why we couldn't use GARB bonds to bond vehicles?

Mr. Sherman asked over a two-year period.

Alderman Gatsas answered yes.

Mr. Sherman stated you are looking at trying to...

Mr. Clougherty interjected Grant Anticipation Bonds are predictable based on the reliability of flow of funds from the State. One of the problems we are seeing in the bond industry right now is that GARB's work great while states have cash. Now that all of the states are having these fiscal problems, GARB's are suddenly becoming problematic for towns that have issued them and there is a lot of volatility in that area. We wouldn't recommend that you do the borrowing. If you are looking to solve this problem, let's solve it with cash rather than borrowing.

Alderman Gatsas asked can you just explain what GARB bonds are so that everybody has an idea.

Mayor Baines stated before he does that I want everybody to listen to the last part of his statement. What did you say at the end of your statement?

Mr. Clougherty responded I said that if you have an issue here with trying to solve the vehicle problem then let's try and focus on that and try to come up with a solution that doesn't involve borrowing or bonding to deal with that rather than trying to tonight do something. There are ways to look at this. Let's see if we can get creative and do that but it is not going to happen tonight. The GARB's are not, I think, the solution given the economic environment. Grant anticipation revenue bonds are again predicated based on the reliability of the revenue stream from the State and in other states where there is a lot more money coming in, for example, the towns in California get much more state money than the towns in New

Hampshire. The towns in Massachusetts get a lot more grant revenue for their operations than the towns in New Hampshire have. That is great during a period of time when grant money is flowing from the State as we have seen in the past. Massachusetts five or six years ago would say the money coming from the state of Massachusetts is flowing in here so we are able to do some things but now that they are going through some real crisis' at the state level, they are cutting back the money going to the towns but the towns still have the responsibility to make sure they are meeting the payment.

Alderman Gatsas asked wouldn't you agree though, Kevin, that the revenue we are getting from Proshare is a legislative mandate, which would take care of those GARB's so we at the local level wouldn't have to be concerned with cash flow.

Mr. Clougherty answered one of the things that we would recommend there is that the State look at issuing the GARB's rather than the town and if there was interest in the State in cutting down on the expense for the cities and towns maybe the State would issue the GARB and provide some type of a pool for the cities and towns to get involved in. That is kind of a novel approach but it is one that we have been talking about.

Alderman Forest stated Kevin last year the Police Department was looking for money for 10 vehicles – something like \$300,000 and we didn't have the money then. This creative idea about cash, you said that last year. I testified before the CIP Committee trying to look for this money and last year it was \$300,000. This year we are not at \$487,000 or \$575,000 and if we wait another year they are going to be well over \$1 million and they are going to need all 53 vehicles replaced. Where are we going to find the money? I guess that is the answer we are all looking for.

Mr. Clougherty stated we spent \$321,000 last year on vehicles. Again, there are a lot of numbers being thrown around here tonight. I would like to go back and take a look at it and come back with some factual information and say all right here is what you actually spent last year, here is what the sources of those were and work with the Chiefs and try to figure out a way we can bridge ourselves until we get to the point where we will be able to fund this going forward without hurting, as Randy pointed out, your credit rating and do it the right way. We are not going to do that this evening. It is a good point and an issue that we will talk about.

Mayor Baines stated recycling alone is \$2.3 million.

Alderman Forest stated I know how frustrated the Chiefs are on this issue.

Alderman Lopez stated back in the 2000 budget we had a restricted item and then we went to the departments and they added all of the numbers in their budget and we have had some problems over the last couple of years as to whether these numbers were correct. One is there a reason that we don't just have a restricted line item like in the pension payroll and health that we had in 2000 when you presented your budget and second after you comment on that I think it is important that the HR Director weigh in on this and does she agree with these numbers that have been given by whoever gave them and did she verify all of the numbers that the department has used.

Mayor Baines stated as you recall we presented the budget in that year the way it has always been presented and there was discussion at the Board during the Finance Committee where consensus developed that they wanted all of the costs associated with departments in the line item costs for that department. You are absolutely right. We used to have all of these items, whether it be insurance or benefits or salary adjustment...everything used to be out in a different fund and the cost was handled by the Finance Department and HR in accordance with what the actual costs were. That was a policy decision. Is that correct, Randy?

Mr. Sherman responded yes. Under the reporting requirements that the City has we have to report all of the actual costs by service areas so we report public safety and education and parks and recreation and we have to report it that way. These numbers have to be tracked. Prior to going on the current financial system, it was more of a manual interface between the payroll system and the general ledger system and the payroll system really was a check producing system. It wasn't an expense tracking system. Right now when you generate a payroll it calculates your dental costs, your health costs and your Social Security costs. It does all of that calculation for you and we have the ability to do all of that now systematically. It would really be a major undertaking to pull those items out of the departments and throw them all in once place. Before we used to issue one check for health insurance. Now we issue one check for health insurance but it gives us all the breakdown of everybody right down to the individual of what those health insurance costs are. Now it is really more of a reporting function. We have had problems in the past in the last couple of years with City retirement where it has been budgeted in one place and at the end of the year we still have to go back and break that number out and allocate it to all of our reporting categories. So we are doing that work anyway and rather than do it manually we can do it up front.

Alderman Lopez stated the only difference is if I heard him correctly is they can use this money. For example take money out of the retirement or take money out of here with your okay.

Mayor Baines responded no they can't take that out.

Alderman Lopez asked is that still restricted as Alderman Gatsas said.

Mayor Baines answered yes it is a restricted line item.

Alderman Lopez asked and you don't give them permission to move it.

Mayor Baines answered I have never moved anything...first of all if a request comes in to me the first thing I do is send it to the Finance Office to verify the effects of that happening. After that I come back and based on discussion I will either approve it or not and if anything were to be moved out of a restricted line item I would also report it to the Board.

Alderman Lopez stated the numbers came from HR so I would like Ms. Lamberton to comment.

Ms. Ginny Lamberton stated what we do is we calculate for salary precisely what is going to happen for each individual who is working for us at the time we are developing the budget. If they are just going to get a merit step we calculate that. If they are going to get a merit step and a longevity step we calculate that. The only thing we can't calculate is unknown A Steps that may come along during the year. All we are doing is calculating the number of positions authorized and what the salaries are for those positions. I think part of the answer is maybe money being left over at the end of this year has to do with payouts. Like Mark is going to get a severance check with year so that will eat up some of that \$250,000. That is how we do salaries. As far as health insurance goes, again we go in and we see what plan every single employee is currently carrying and we give the departments that number. This year in addition to that number to be conservative we thought maybe the health insurance might come in at 20% this year. A couple of weeks ago there were hints to us that it would come in at about 11% or 12% and then two weeks ago we were told it would be 9.8% but our consultants are telling us the numbers are wrong and it is actually going to come in higher. On Friday I am supposed to meet with our consultant to talk about that and see who is right and who is wrong. As far as the health insurance lines go I told the Mayor and Randy and Kevin that I disagree with the amount of money that has been put in a lot of departments. Kevin told me earlier that Randy went through the current expenditures when he was doing this, however, we had not received bills from Anthem for a variety of reasons for three or four months. As of today, we are looking at a neck in neck balance at the end of the year with what was appropriated versus what was paid out. I have concerns about the Police Department and Fire Department and Highway Department in regards to health insurance estimates here.

Mayor Baines stated that is a continuing dialogue that is going on between Finance and Human Resources at this time. The Finance officers who are responsible for certifying numbers feel very confident in the numbers.

Alderman Lopez stated I want to make sure that the numbers that all of the departments have that come from HR that we don't go through the process at the end and say well HR gave me those numbers. I want to make sure they are verified with HR.

Mayor Baines responded we are in the process of working on that. As Randy said, these numbers are very fluid and we also have some very healthy insurance reserves as well. Just a reminder that we do have two other departments to hear from.

Alderman Garrity stated I may have missed it but what percentage did you use in your budget for the health insurance increase.

Mayor Baines responded again Randy explained that he went through what was actually occurring in the departments and what numbers they felt comfortable with.

Alderman Garrity asked what number is the budget based on.

Mr. Sherman answered the 9.8%.

Alderman Garrity asked so it if is more than that we obviously have to adjust that.

Mayor Baines answered yes.

Alderman Shea stated I just want to point out that 23 vehicle replacement is that what you would like to have replaced or is that in your budget for this year.

Chief Driscoll responded that is what we need to have replaced, Sir.

Alderman Shea asked but there is no...you need to replace 23 vehicles but there is no money available to replace those 23 vehicles. Is that what you are saying?

Chief Driscoll answered there has been no allocation to the best of my knowledge to date.

Alderman Shea stated what I would like and this is no reflection on you but so often department heads come and say well we will get back to you on this or that but it falls through the cracks. I would really like to set a definitive time, your Honor, in terms of coming back to the Board of Mayor and Aldermen and saying here is enough money in either cash or whatever in order that we might help the Police Department to replace some of the vehicles they need because we don't want policemen going on a call and have the car break down. That doesn't make any sense at all and if the cars are at 120,000 miles or whatever and they are in need of replacement because of overuse then we are really jeopardizing certain parts of the City. What I am saying is that we need to have some kind of a definitive number that we can come back and say look replace five vehicles or eight vehicles or whatever this year. If you need 23 and we can give you a few at least it is better than nothing because obviously somehow or other you are going to be coming back to us in the course of the year and saying we are five vehicles short or something. That is what I am asking, your Honor. Can we get that resolved in terms of how long it is going to be?

Mayor Baines stated I think the Finance Officer will look at it again. Presently there isn't any money. Again we are looking at increased demands beyond what my budget came in as. We are looking at \$800,000 in pension obligations that we didn't realize were there. We have issues related to the fire station. All of the sudden you are up to an 8%, 9% or 10% tax increase here. There are very few options out there. There are some options that we have given you and I don't want to beat a dead horse but if you implement recycling you get \$2.3 million right there. It is just a matter of what the choices will be.

Alderman Shea asked is it possible for them to come back to us and say then we have nothing and we can't replace them. We talked before about a reserve fund.

Mayor Baines answered right now there is no cash available. We put a minimum of I think \$105,000 in that account so there is some money in there. We wanted to put more money but if you also remember at the end of the budget cycle last year despite the fact that we didn't have any money people wanted to reduce overall appropriations by 3% or 4%. There is only so much money available.

Alderman Shea asked out of that \$120,000 are we thinking of replacing some of their vehicles.

Mayor Baines answered you could. There are other requests in there. We are looking at shifting other vehicles for bonds. Again, the CIP Committee will make some determination on that.

Alderman Forest stated I just want to make a comment to my colleague here. I am not saying that the vehicles are unsafe for the officers to be out on the street. Replacing police vehicles has been going on like this for 40 or maybe even 50 years. The City doesn't want to replace equipment. Their mechanics over there keep the equipment well run but it is the equipment. They are building a car every year, which is more expensive then going out and buying it and I think that is the problem. They have been asking for money for vehicles for years. I think they need those vehicles.

Alderman Gatsas stated I am a little confused. Chief, is it fair to say that you are going to have a 7% increase in wages?

Chief Driscoll answered yes.

Alderman Gatsas asked so without having to move line items you are going to see a 7% increase in wages.

Chief Driscoll answered that is correct. It will be close to 7%.

Mayor Baines stated it includes a 53rd pay week.

Alderman Gatsas asked can we talk about the grants that are expiring. How many bodies does that involve?

Chief Driscoll answered I don't have that information for you.

Deputy Chief Jaskolka stated four.

Alderman Gatsas asked can you get us a chart and show us how many officers are involved in grants.

Chief Driscoll answered I think you have that.

Alderman Gatsas stated I am not looking just for a number. I am looking for a number, wages and benefits and the timeframe in which those grants expire because now we are looking at four officers that are going to be put on the regular payroll.

Mayor Baines responded we can get that broken down for you.

Alderman Gatsas stated the last question that I have is looking at administration why is there a 26,000% increase in overtime.

Chief Driscoll responded I am not sure where you are looking.

Mr. Sherman asked are you looking at the budget.

Alderman Gatsas answered I am looking at the third page.

Mr. Sherman asked but you are looking at what is in the Mayor's budget number.

Alderman Gatsas replied I am looking at the department request. The Mayor's budget looks like 26,000...

Mr. Sherman interjected that is a factor of the way the payroll system...the payroll system calculates it on an individual basis. There is no one individual that has overtime so they go in and they fool the system to create this one employee known as Mr. Overtime and it just plugs it into one line item. That overtime needs to...I will go back and allocate it between all of the different divisions.

Alderman Gatsas asked but that is allocated per position, which means that it is \$1.6 million. If you look at the overtime salary account on the first page it is \$817,218. If you go two pages in where it says Police Department/Police Administration it says overtime \$817,218.

Chief Driscoll stated I would like to give you a little bit of information on the grants. We presently have 28 projects that are not funded by the City. Those 28 projects are worth to the City \$3,764,000. For that, the City pays \$308,000 over the life of those grants. They are an extraordinary deal for the City of Manchester but we would be pleased to get you the information you seek.

Alderman Gatsas responded by concern is when they expire and the money stops.

Chief Driscoll stated any time the City signs up and takes C.O.P.S. money they should know that within three or four years they are going to be paying the whole tab but it is an opportunity to provide better public safety for the community.

Mr. Sherman asked where are you again, Alderman.

Alderman Gatsas answered I am on the first page. It says "Overtime Staff". In FY02 it was \$1.1 million. If you follow across the Mayor's recommended is \$817,218. It is the same as the request by the department. If you go two pages further the Police Department Administration overtime 0130 the Mayor's recommended \$817,218. The request is \$817,218. That is a 26,000% increase.

Mr. Sherman replied because what it is comparing it to is the FY03 modified budget for the administration, which is only \$3,103. That \$817,000 needs to be allocated out to the other organizations within the department. When it gets loaded in from the payroll calculation it comes in as one dumper.

Alderman Gatsas asked why is it exactly the same number as the overtime salary on the first page.

Mr. Sherman answered because I believe the first page you are looking at is a department wide budget and then the pages following it are on an organizational basis.

Mayor Baines stated before you leave, Chief Driscoll, I want to again thank you for your service to the department. Best wishes, Godspeed and congratulations.

Mayor Baines called for a recess.

Mayor Baines called the meeting back to order.

c) Fire Department

Mayor Baines stated I will now turn it over to Chief Kane for a presentation on the Fire Department budget.

Chief Kane stated I would like to thank the Board for inviting us down. I would also like to thank the senior staff of the department for putting the budget together and working on the budget. They did a great job. I also want to thank the Finance Department, particularly Randy and Seth in the Mayor's Office who worked very hard on the budget along with HR. The budget process really...I think that you found it out in the Police presentation is more than just a one department process. It is a multi-department process – HR, Finance and the department and Planning is also involved. Before I get into our presentation here tonight and I promise to make it brief, a subject that has come up at the last couple of meetings and it came up earlier tonight in regards to homeland security and homeland security money I just wanted to brief the Board on homeland security and kind of how that operates. Homeland security and the money comes through FEMA at this point in time. It comes through the Office of Emergency Management at the State. It gets filtered through the Office of Emergency Management in Manchester, which is the Fire Department. Currently the Fire Department has been monitoring since 9/11 City expenses for weapons of mass destruction or terrorism and 9/11 effects and we have identified over \$1 million in expenses. The Airport is also part of that. To date the City has not received any money from homeland security. The Airport has. There have been a couple of terrorism grants that came down but they were

in the stream before 9/11. I think Chief Driscoll referred to one of them. It was a protective mask for the police officers and also emergency and medical people. There is a current grant that is coming to the State for about \$5 million. It has been distributed or it has been allocated to different cities and towns by population. The City of Manchester's amount would be about \$250,000 and hopefully we would get another \$22,000 in regards to the fact that we have a Haz-Mat team locally here so that is around \$272,000 that would be coming down from homeland security. How that money would come in to the City is that money would come in through the Mayor's office with Mayor Baines being the Chief Executive Officer and would be allocated through grants to different departments from there. If there are any questions on that...it is a little unclear how that money would get distributed. The money hasn't been sent down nor have the guidelines been developed and sent down as to how you can utilize that money.

Alderman Gatsas asked didn't the Police Department receive funds from Justice work for new radio equipment.

Mayor Baines replied that is a separate fund. This is homeland security.

Alderman Gatsas stated I believe the two funds are tied in. That is the first \$7 million that came from the State.

Chief Kane stated the first \$7 million that came into the State was Justice money and that Justice money was actually, I believe, in the stream before 9/11. It is not homeland security money. There was...terrorism money has been coming down from the Justice Department since I believe 1998/1999. That money has been coming down but that is not what we would call homeland security money.

Alderman Gatsas asked so the \$8.4 million that the State received that went to the Department of Health and Human Services, none of that money has come back through the Health Department.

Chief Kane replied that is not correct. There was a grant that was given to the Health Department and I think it was over \$1 million.

Mayor Baines stated the answer to your question is there is a separate appropriation for homeland security that was in President Bush's last budget. This was been a major issue at the Conference of Mayors. The last I heard I think it was approximately \$2.3 billion or something like that that will be appropriated. Guidelines were being formulated. Preliminary indications that we received were that none of the dollars could be used for overtime. The Mayors had been asking for that because that is where a lot of the costs are coming from. The money will

come to the State and the Mayor's had asked that about 75% of whatever goes to the State comes to local communities. Not \$1 dollar has come yet.

Chief Kane stated it is an 80% pass through to the cities and towns.

Alderman Gatsas asked so the \$1 million that we received was not part of the homeland security.

Mayor Baines answered no. There is a separate homeland security anti-terrorism...it is a homeland security designated appropriation.

Alderman Gatsas asked what is the \$1 million that we received.

Chief Kane replied it is coming through the Department of Health and Human Services. It is bio-terrorism money. You could identify that as homeland security money.

Mayor Baines stated no. All I can say to you is that there is a separate homeland security appropriation. That is something that I have been working on very, very closely with the conference and I was involved in several meetings with it. I have been to Washington. It is a separate appropriation. That is what we are talking about. Money that will come to Police, Fire and other agencies. As soon as we get more information, we will bring it to the Board.

Chief Kane stated thank you for allowing us to be here. I am going to try to be brief this evening. I am just going to go over a few of the line items in our budget that we feel we have some issues with. The first one is overtime salary. We basically have requested \$900,000 in that line item and that line item currently sits at \$600,000. It is funded less than it has been in the last two years and if we don't look at that line item and make some sort of adjustments in there it is going to affect the services to the City of Manchester in regards to the people I can put on the street. The next page in your handout goes into some expense items that I would like to go over. Basically, protective clothing. If you can look at our line items in our budget most of the line items are level funded. There are four line items that have gone up. One of them is CGL, which is insurance and we have no control over that. The other three line items are natural gas, electricity and protective clothing. Those line items that went up are directly related to Engine 8, the new station. Those are the utilities and protective clothing for that station. All the other line items have stayed the same, which brings us some concern in regards to some of the line items. Protective clothing again has not been funded and that is something that we feel we need to have. The next one is vehicle rust repair. We certainly have talked a lot this evening about vehicles. The Fire Department obviously doesn't have the number of personnel vehicles that the

Police Department has but we do have the same issues. As you heard earlier this evening, we are accepting a 1988 car from the MTA because one of the vehicles we have is so bad that we can't put it on the road anymore and a 1988 car is a lot better. So, we do have the issue of the vehicles and we would certainly appreciate anything that the Aldermen could do to address this. It has been an ongoing problem for a number of years with the budget. I think Carol Johnson was correct that we had a plan that the City was going with and somewhere along the line maybe when we did the 18-month budget, it went by the wayside. I know that Mr. Snow had a plan that was working and I think that is where we need to go. If Kevin would like to get a plan back...I know it is going to be hard to fund it this year but if in next year's budget we could have a plan for the City for replacing vehicles it would be not only helpful to the Police and Fire Departments but I am sure all of the City departments are in the same boat. In our vehicle rust line item that is money that we use to upgrade and repair our long-term vehicles – our trucks that last 10, 15 or 20 years. Usually half way through their life we like to rehab those trucks to keep them going so they last that long. We haven't been able to do that in the last few years and that is a concern. Those vehicles are very expensive to replace and if we can get a few more years of life out of them by doing some rehab I think the City would be a lot better off. SEVA is the air test that we use. Currently we have \$18,000 in that account and we are looking to increase that by \$7,000 to \$25,000. The last item in here is equipment. Currently, we have \$25,000 in that account. We have been carrying around \$50,000 in that account up until a few years ago when as we had cut back on our budget that is one of the items that we cut back on. The next slide is the Cohas Fire Station. I know there has been a lot of discussion in regards to that station like when is it going to open, what is it going to look like, and so on. Currently, the station was due to open in September. That would mean hiring the individuals in July and the construction of the station was to be completed this summer and the vehicle for the station would be in in August. Everything seemed to be lining up for a September opening. One of the issues is the budget issue in regards to how much money does the City have. I certainly understand that working with the Mayor. The Mayor came up with a suggestion in regards to January 1 and that is what was put in the budget for getting that station up and putting people there. That is something that is on the table and that is what is in the budget currently. I know that is open for discussion in regards to when do you want to do it. If you want to open that station earlier then we can do it on a monthly basis or you can do it for the six months but the only way to do it is to add some more money to the budget. Finally, our revenue. As you can see for the last three years our revenue has gone up and we anticipate it going up again. This is due to additional places of assembly and additional buildings under construction and also additional buildings that have been constructed that have what we call fire service on them or fire boxes that we charge an annual fee for. We charge \$480 per building for that and there are more new buildings throughout the City and a lot of new construction

going on and that is why it has gone up. I would be happy at this time to answer any questions.

Alderman Garrity asked, Chief, on your last page for revenue you said the fire service box fee is \$480 a year for a building.

Chief Kane answered yes.

Alderman Garrity asked when was the last time that was increased.

Chief Kane answered it has been a good number of years. I am going to guess maybe four or five.

Alderman Garrity asked do you have an idea on your last increase how much of a percentage it was from the previous amount.

Chief Kane answered I think we went from \$250 to \$480.

Alderman Garrity asked and that was four or five years ago.

Chief Kane replied right.

Alderman Garrity stated I am looking at the budget book and I am on the page that says Fire Communications. When I paid you a visit when I was first elected Alderman I was under the understanding that the Fire Department handles all of the radios for all of the departments.

Chief Kane responded that is correct. We handle all radios for all departments in the City – Water Works, Airport, Health Department, Police Department, Highway, everything.

Alderman Garrity asked do you receive any payment from other City departments for that service at all.

Chief Kane responded no. I believe we charge back the Airport a little bit but that is the only one.

Alderman Garrity asked can anybody explain to me why that is like that. I mean the School Districts gets chargebacks and the Highway Department isn't paying for service of their radios and it has to come out of the Fire Department line item. I am just curious why that is like that.

Mr. Sherman responded there are two reasons why School pays a chargeback. One is they are not part of your general fund. They are outside of the general fund. They have their own tax that the City raises. Secondly, the reason you want to make sure that the School District is charged all of their appropriate charges is because they have the ability to pass those on to the tuition students. We do charge the Airport for theirs because again they are outside of the general fund but any departments inside the general fund we don't.

Alderman Garrity asked is there anything that prevents the Fire Department from charging for their services to the rest of the other departments in the City. I mean it is almost a \$1 million line item. I am just curious why they are responsible for it all.

Mayor Baines replied what would be gained. It is still the same bottom line. There is nothing to be gained for the taxpayers.

Mr. Sherman asked is there anything to prevent it. No but then what you would have to do is go back to every department and put those dollars in their budget to reimburse.

Chief Kane stated that is where we came from. Every single department in the City used to have their own line item and every single department in the City used to have someone to handle the radios. What we did is maybe 15 or 20 years ago we consolidated that for economy of services. It is just like when you talk about consolidating other things. That was consolidated and it saved the City money in general. Now if you start breaking it out again it is going to cost the City money just to do the paperwork.

Alderman Lopez stated I want to go over the new fire station so that I have my numbers correct. You have \$605,155 for six months of staffing and as you are well aware the contract and all of that is a separate issue. How much money do you anticipate taking out of there to meet your operating budget and salary line and all of that?

Chief Kane responded I am not sure of your question.

Alderman Lopez asked do you have \$605,155 to cover your whole contract and everything.

Chief Kane answered we have \$600,000 to operate that station for six months.

Alderman Lopez asked and you have all the rest of the money you will need.

Chief Kane answered we have the utility money for gas and electricity in that \$600,000. We have that.

Alderman Lopez asked I am talking about the whole operating budget. Without the fire station you can cover everything in your budget without touching the \$605,000. Am I making myself clear yet?

Mayor Baines stated I think just to help you a little bit with this the Chief has said that the \$605,000 has been there but he feels he is short approximately \$400,000 because of the contract we discussed last night.

Alderman Lopez responded I don't know if he said that.

Mayor Baines replied he said that last night. I heard that last night. Chief, have I misstated it?

Chief Kane answered no. You are correct.

Alderman Lopez stated that is what I am getting at. We approved the contract and if you don't receive anymore money you would take \$400,000 out of there to cover your expenses and you would have \$200,000 remaining. Is that correct?

Chief Kane replied I didn't say that last night.

Alderman Lopez responded I am asking you now. Is that your intention?

Chief Kane asked are you asking me where I would get the \$400,000 to cover the contract.

Alderman Lopez answered yes.

Chief Kane stated I am not exactly sure where I would get the \$400,000 to cover the contract. That certainly is a big option that is sitting right in front of me that would be one of the things I would have to look at and consider.

Alderman Garrity asked, Chief, do you currently get a chargeback from Water Works for their radios.

Chief Kane answered not really. Water Works for the most part buys their own stuff.

Alderman Garrity asked do you service it.

Chief Kane answered yes but the amount of work we do with them is minimal. It is like the Airport. They pay a lot of their own bills. It is not a lot and as Brent just pointed out they usually give us free water when we have a fire.

Mayor Baines stated that is a good point.

Alderman Garrity asked how about Parks & Recreation.

Chief Kane answered no.

Alderman Smith stated I have a couple of questions. On the sheet I have here it says overtime salary and it says department request and I have no figure on the spreadsheet that I have.

Mayor Baines responded when he came in with the 2.5% he said that he would be unable to fund overtime.

Chief Kane stated in other words when we were developing the 2.5% budget there wasn't enough money in there for any overtime at all. The big reason for that is if you look down a few lines to State Retirement you will see that that line item went up \$900,000.

Alderman Smith asked in regards to the spreadsheet on the sheet I have here it has Equipment \$25,822 and it says that is what you requested and you said it should be \$70,000. It is 0740 Equipment.

Chief Kane asked we said that we had \$25,000 in there.

Alderman Smith replied it says that the department requested \$25,822 and that is what the Mayor recommended.

Chief Kane stated that is correct and again that number and all of those numbers were put there because of the 2.5% cap that we were under. We couldn't have increased those numbers. We would have had to get that money from somewhere.

Mayor Baines stated also just to remind you the Mayor does not do the line items. They go back and proportion the line items to get to the bottom line.

Alderman Smith stated I am just trying to follow-up on the items needed for increased funding. I noticed that there was nothing in vehicle rust repair whatsoever. It was blank all the way across. Protective clothing was \$25,000 recommended and I am saying that you needed more money but you didn't put it in the budget. Is that correct?

Chief Kane replied I wasn't able to put it in that budget.

Alderman Wihby stated Chief I want to go back where Alderman Lopez was coming from. You have \$600,000 for six months of opening the day shift. Assuming that you don't open the day shift you would have enough money to fund the raises and some overtime and maybe with an additional \$100,000 or \$200,000 fund the additional equipment that you needed so you are probably short about \$150,000 or \$200,000 if, in fact, the station didn't open.

Chief Kane responded that would be correct.

Alderman Gatsas stated Mayor I believe you put this Board at a disadvantage and the disadvantage you put this Board at, your Honor, is that we are looking at budget requests from departments that make absolutely no sense. There is no line item in there for overtime. We go through this and you told them the request that you can make is only 2.5% and eliminated everything you had to do to get there so why are we going through this exercise because we are not looking at any department requests. We are looking at a demand that you made of them telling them that it is 2.5% and cut the budget to where you see it. How does a department possibly not request any overtime? It is impossible to do. It doesn't make sense. You have gathered us here and given us the budget and we don't even know what the department requests are for them to survive at a break-even point.

Mayor Baines responded I think they have given you that information.

Alderman Gatsas asked are you saying that the department request was zero for overtime.

Mayor Baines replied what we did and I made it very clear to the Aldermen and you heard this when we first announced it. In fact, Alderman Wihby suggested that I should have them go through the exercise of a zero increase. The Governor of the State put all of the State agencies through an exercise of 95% of last year's budgets to see where they could economize to bring about efficiencies. Once we went through the exercise and they came to us with the budget teams and eventually with the Mayor participating and trying to figure out where we could find some common ground to remediate the situation. I said during my budget message that there was some pain in this budget to try to keep the tax rate reasonable. That is what we have presented to you. We have also presented you with a menu of options that you can look at for making some adjustments. This is the budget process that has existed every year since I have been following it and with every administration that has been here. You now have an option to make

adjustments and add and subtract. I have also participated in budget processes where at the end of it...we have gone through the whole exercise and we move to cut everybody 3%. This is nothing new, Alderman, and we have tried to present a reasonable budget with some pain and possibly some lay-offs in various different departments. If you have some ideas to bring additional revenue in and fill in some of these gaps, I would be more than willing to consider them.

Alderman Gatsas asked so your answer is you think this is a reasonable budget so we should move it tonight and stop this because we don't even know what the departments requested.

Mayor Baines replied I don't think anybody ever heard me say that these numbers...I said in my budget message that there is some pain in this budget.

Alderman O'Neil asked, Chief, Alderman Wihby kind of asked this question but for somewhere around \$400,000 we can meet the obligations of the contract with the firefighters, we can meet the obligation...a big ticketed item that has changed is the State retirement number which more than doubled by almost \$700,000. Am I correct on that?

Chief Kane answered yes.

Alderman O'Neil stated it is roughly \$732,000 this year and it is expected to be \$1.4 million next year according to the information I have in front of me.

Chief Kane responded you are absolutely correct. \$1.63 million. Is that what you have?

Alderman O'Neil stated the Mayor used the \$1.4 million number. No, excuse me. The Mayor used the \$1.6 million and the department used the \$1.4 million.

Chief Kane answered that is correct.

Alderman O'Neil stated even your number, the lower number, is doubling what it is for this year.

Chief Kane responded that is correct. It increased \$903,000.

Alderman O'Neil stated and also with that \$400,000 if that is the number that you are off, we could also open that fire station approximately six months into the fiscal year. Am I correct on that?

Chief Kane answered that is correct.

Alderman O'Neil stated just for clarification and when we talk about opening it six months into the fiscal year is that for you to hire and then there is X number of weeks training or is that actually people in the fire house and the trucks running out of there on a regular basis and all of that.

Chief Kane responded we are going to hire them and we are going to station them there while they are training.

Alderman O'Neil asked so it is a true six-month figure that includes training.

Chief Kane answered that is correct.

Alderman O'Neil stated I want to make sure that I am clear. To meet your contractual obligations with your bargaining units and your non-affiliated and to meet that obligation with the State retirement system and if we opened up the new fire station approximately six months into the year you would need approximately \$400,000 to meet all of those obligations and we would not see any impact on fire service in the rest of the City?

Chief Kane responded that is correct but I also just want to point out that we also are in fact short in overtime and that is going to have an impact on services in the City.

Alderman DeVries stated you were just telling us that the lumpsum amount for the new fire station for a half-year is \$600,000 and a full year is \$1.1 million rounded and that it includes everything. Can you break those down a little bit? Can you break out training and some of the other costs?

Chief Kane responded no I don't have those broken out. There is a worksheet, a CIP cost project worksheet that gives a fairly extensive break out in regards to all of the personnel, health insurance and that type of stuff but it doesn't have your daily operating stuff like training and things.

Alderman DeVries asked so are you saying that if we look at that sheet that was done for Planning and subtract that from the half year and full year amount we would get the training amount. Is that what you are telling me or do you want to prepare something for us so that you can break those items down so we can actually see what the cost for training might be and itemize that out?

Chief Kane asked could you explain to me what you are looking for exactly. Is it things other than training or is it specifically just training?

Alderman DeVries replied I think we are all grasping for ways that we might open that station earlier. I had hoped that I would get some suggestions back from the Commission and we really haven't so I guess I am starting to dig on my own to see if there are any ways that we could...when you hire new firefighters the level of certification that you hire them with is that the required certification for the State now? Do they come fully trained?

Chief Kane stated they usually need additional training.

Alderman DeVries asked such as.

Chief Kane answered C2F2 that is required by the State.

Alderman DeVries asked is that the five-way program when they transfer. I don't want to get into detail. I am just trying to see if that dollar amount set aside for training is significant enough and if it might be enough to possibly open the station earlier. Without it being broken out I really can't even begin to...

Chief Kane interjected if you are looking at the entire cost of personnel for training it is about a 12-week training program.

Alderman DeVries stated my thought process is not that we don't go for the training but maybe it could be deferred to a different calendar year and take it out of the budget that is preventing us from opening the station. On occasion it does happen that a firefighter comes on to the line, joins the complement and at a later date goes to rookie school. I guess that is where my thought is. Maybe we could defer some of the costs of opening the station and put them into a different budget year.

Chief Kane asked could that be done. Yes, that could be done. You probably would be able to open the station six weeks earlier.

Alderman DeVries stated if I had a home, as I do, close to that station six weeks might be nice. It is better than nothing. Those are the kinds of details that I would like to see broken down just to see if there are any additional items like that that we might be able to defer to a different budget year.

Chief Kane responded there really isn't. I can certainly break that down for you and I will and I will get it to you.

Alderman DeVries stated six weeks will bring it to the middle of November now. Is there any possibility of looking at...when you do your overtime during the calendar year are there times of year that you find you pay more overtime?

Chief Kane replied sure summer time because of vacations.

Alderman DeVries asked do you carry extra personnel during the course of the year that you use to cover overtime. Extra firefighters?

Chief Kane answered sure, floaters.

Alderman DeVries asked is there any way that you might be able to take a look at some of these floaters for a portion of the year and have them be assigned temporarily to cover the complement of the firefighters and defer a portion of the costs and maybe open it a couple of weeks earlier if it is hitting at a time of year where it is not a high impact to your overtime.

Chief Kane stated the only way for that to really work as you envision it is we would probably have to have a truck out of service for maintenance or some sort of mechanical thing to get additional floaters. You are talking 16 people.

Alderman DeVries responded not additional floaters. I am just saying if you are not using...

Chief Kane interjected well extra bodies that I don't need.

Alderman DeVries stated if you carry extra people on your staff that you use to cover overtime and we are opening the station at a time of year when the overtime is minimal possibly we could reallocate a person without a station to a station and maybe get another two weeks of squeezing the budget to open it now November 1. Maybe we can get some detail on that six-month and one year opening and maybe I could sit with the Commission and yourselves and go through this.

Chief Kane answered I think that would be a good idea. We could sit here and talk and other people probably won't even understand some of our language. I would suggest that. Just a quick couple of things, Alderman DeVries. We have a maximum of 13 floaters so that is not enough to have for the entire company. We are already short on the overtime and there are some issues there. I will give you a call tomorrow and we can set-up an appointment to go over this.

Alderman DeVries asked and could you maybe include the Commission on that as well.

Chief Kane answered sure.

Alderman Guinta asked can we just get a breakdown sometime during the next week of the specific costs associated with training and if there are any other comparative training programs that are less expensive.

Chief Kane answered yes. The only other place that individuals could be trained like that would be at the Fire Academy up in Concord. I guess we could ask them what it would cost for them to do that training.

Alderman Guinta asked so could we get a comparison of what it currently costs and what an alternative training program would cost.

Chief Kane answered sure.

Alderman Garrity stated on Page 4 of your presentation under the Cohas Brook Fire Station the \$605,155 number, with that number will the first fire lines run and go out of Cohas Brook on January 1 or is that going to be delayed because of training.

Chief Kane responded it is going to be after training. In other words we are going to hire them in January and we are going to have them housed out of that building because there would be 16 of them and after they have completed their training mission they would be running out of that house. I think your question is on January 1 is there going to be a firetruck there running out of that house and the answer is no. There is going to be training operating out of that house and there will be fire personnel there.

Alderman Garrity asked what is your best guess estimate of when the first fire run will be done out of that house.

Chief Kane answered I think I am going to talk to Betsi and there are a number of things that we could do. We could shorten the training to a five-week program and it would be the second week in February or if we went into the full six-week it would be in March.

Alderman Garrity asked so potentially it could be February or March before the fire line runs out of there.

Chief Kane answered yes.

Mayor Baines thanked Chief Kane for his presentation and called for a five-minute recess.

Mayor Baines called the meeting back to order.

d) Highway Department

Mr. Frank Thomas stated once the projector gets going we will hop on that but in the meantime we did provide you a handout. If you turn to the first page in the handout basically what I tried to give you is a brief funding history. The point I was trying to make on this slide here that showed what we received in FY03 is that we were cut twice in the budget process during the course of last year. The first cut was approximately \$300,000 and the second cut was about \$200,000 for a total cut of \$500,000 and that was in the FY03 budget. If you compare our cuts to other departments of similar size you can see that the other departments only got cut half as much as we did. I guess what I am trying to show here is that we are lean right now going into this budget process. The next slide refers to the Mayor's operating budget for this year. We went into preparing the 2.5% budget looking at minimally funding our line items. If you take a look at our line items, our line items are pretty much level flat. Those are the operating expenses. However, we did have to increase contracts. We are under an obligation to increase contracts up to a 4% CPI adjustment. We checked the CPI out of Boston today and it is up to 4.7% so our contract requires us to increase our solid waste contract by 4%. Going into the 2.5% budget, the Mayor's budget, we looked at minimizing any increases and operating expenses except for the ones that we had to increase. As a result, in order to meet the bottom line we wind up short in our salary account. Our salary account is \$291,000 short. The budget with the Mayor's bottom line allows for no severance. A minimal amount to be budgeted for severance would be \$50,000. We have no COLA's built into our operating budget. If AFSME settles their contract next year we are looking at a potential 3% increase. That relates to \$178,000 so the total shortfall on this particular page is noted as \$519,000. At the bottom of the slide you do notice...again I mentioned that we have \$4.5 million worth of contracts that were...the budget guidelines allowed us a 2.5% increase and the contracts required a 4% increase. So how are we going to address this large shortfall of \$500,000? Well, what we did is we went back into our operating budget and said okay we have vacancies. If we maintain at least six vacancies during the year and take that vacancy savings, we can allocate that towards the shortfall. Also, we could look at reducing overtime by \$50,000. That could go to this \$500,000 shortfall. We could also take a look at reducing expenses another \$50,000 for a total additional reduction in our operating budget of \$253,000. If we implement those cost saving measures and subtract that from the \$516,000 that was noted on the previous page, we are still short \$266,000. How do we obtain \$266,000? As I mentioned we can't cut operating expenses anymore. Those are down to a minimum. Those are meeting our minimum contract obligations. The only place that is going to come out of is the loss of seven positions in the Highway Department. As you can see, seven positions will

make up approximately \$266,000. That savings would be made up in direct salary savings and benefit savings. Before I get off of this slide, if we are forced to implement these complement reductions of seven positions, keep in mind that our complement has remained the same over the last 10 years. There aren't many departments that I think can make that claim. While our complement has stayed the same, we have collected 25% more solid waste in the last five years. Our solid waste tonnage has gone up 25% in five years. That is with the same complement and same resources. In the last eight years, there have been 10 miles more of new streets in the City. We have over 35,000 feet of new sewers in the City in the last six years and 25,000 feet of new drains in the City over the last six years. In addition, we have an overall drop in the condition of our streets. When the condition of our streets drops due to deferred maintenance, that puts an additional strain on our labor force because our key is our labor who put down that asphalt. Impacts. The impact of losing seven additional people out of my complement is a continual erosion of our overall capabilities that is going to result in delays in addressing maintenance issues. There is going to be a reduction in the amount of man-hours that we have to address overtime type issues like snow removal and emergency call outs. COLA's versus lay-offs. If I have to make a decision whether I am going to recommend to you, the Board of Mayor and Aldermen, whether a contract with AFSME should get approved or not and I have to consider the fact that I don't have money in my budget for COLA's and if I recommend settling this contract or laying off people I quite frankly will not recommend settling that contract. The insurance fund will have to cover comp settlements. In the past because I have had vacancy savings in my budget I have been able to cover worker's compensation cash settlements. I know for a fact that there is probably going to be a cash settlement on a worker's compensation case that is going to be well over \$100,000. That is not going to come out of my budget. It is going to have to come out of the insurance fund. In addition, by continuing to cut the remaining operating line items another \$50,000, there are going to be projects cut. Now I say projects. I am going to be very hesitant to put a new street light on the dead end of a street because again that is going to be an area that I am going to have to look at. I am going to have to look at cutting back on the money that we have allocated for PR for recycling. I am going to have to look at cutting back on crack sealing and pavement reclamation. Those things are funded at a very minimal amount but if I have to come up with another \$50,000 I am going to have to look at cutting into those areas. Street resurfacing...this has come out of my budget and is now in the CIP but I have to speak on street resurfacing in any budget presentation that I would make. The City of Manchester has 400 miles of streets. Typically you have a resurfacing cycle of somewhere between 20 and 25 years. Actually if you went to the book you are talking 10-15 years but 20-25 years let's talk about tonight. If you followed that you would be looking at resurfacing somewhere between 16-20 miles of streets a year. To resurface a mile of streets it is about \$65,000. An annual program based on a 25-year cycle you

would want to see allocated for resurfacing \$1 million a year. We are presently being funded \$550,000 in the CIP for resurfacing. That gives you a resurfacing cycle of one every 47 years. Take a look at Elm Street and if we can only resurface that street once every 47 years you can picture the condition out there. We are deferring our maintenance on streets. You have seen what has happened in our schools with deferred maintenance. I just urge the Board to consider or at least start thinking about funding more in the range of resurfacing. I put up this last slide and I know that you can't see it but what this slide is showing is that we provide over 70 different types of services and that is what the listing up there is. You have it in your handout where it is broken out a little bit better. In closing basically what I would like to say is that my employees don't wear uniforms but the services that we provide are basic and essential to the health and safety of the residents of Manchester. These services range from reconstructing a street to patching a pothole; from constructing a sewer to cleaning a catch basin. These services are not glamorous but they are essential to the basic services that the residents of Manchester expect. We don't have the luxury of going in there and saying we are going to eliminate one of those services. Tell me up there what service do you want me to eliminate? I can't eliminate patching potholes. I can't eliminate the cutting of a stump if a tree has been cut down. You know what happens when we don't remove a snowbank off of Elm Street or we don't pick up a trash can or if we don't sweep a street or if there is a sewer backing up and we don't respond to it quickly. You receive the calls and we receive the calls because the residents of Manchester demand these services. All that I ask is that you give us the capabilities to provide the services to the residents of Manchester. We need to maintain our workforce. We need the resources to buy materials so that we can resurface streets and patch potholes. On that I will be glad to answer any questions.

Alderman Shea asked, Frank, if that is the case what services would be affected in the case of lay-off. Would that be scavenger collector or would that be highway...

Mr. Thomas interjected I am not going to play the game and say that I am going to stop doing this or that but let me follow-up on that. Last year when my budget was cut I told the Board of Mayor and Aldermen that I was going to have to eliminate picking up snow in the downtown. I said that to the Board at least three times. As soon as that snowbank on Elm Street this year got so high that people couldn't get across and couldn't get to the meters we had to go down and pick up the snow and rightfully so because all of those services we provide up there I feel are essential. If I lose seven people I am still going to try to provide the services up there. The problem is that the response is going to be a lot slower. If I don't have seven people to plow, the plowing of streets is going to be done slower. We are going to have to depend more on pulling in our trash people for a small storm, which will mean a delay in picking up trash. Instead of being able to put a crew

out to cut stumps a half a dozen times a year, maybe we will only be able to put them out once. So, there is going to be a drop. That is why I noted that there is going to be a continued erosion in the capabilities that we have by continuing to lose resources and buying materials and now potentially resources in employees. As I mentioned, we have on an average six positions vacant in our department at one time. This year we actually got up into the range of nine but our average is six so we are down six people pretty much all the time. If I lose another seven I am down 13 people in my complement. Again, my complement has not grown in 10 years but everything that we do has grown.

Alderman Shea asked are you saying that because you are underfunded you would have to lay-off seven people unless we add money to your budget. Is that what you are indicating?

Mr. Thomas answered yes that is what I am saying because I have contractual obligations. I have, again, \$4.5 million worth of solid waste contracts. Those have gone up 4%. My budget has gone up .57%. If you compare my budget - this year's bottom line with last year's bottom line, there was a .57% increase yet street lighting...electric charges for streetlights are going up approximately 2.5% and solid waste costs are going up 4%. I cannot say to Waste Management I am not going to pay your contract. I have a contractual obligation. So if I have to pay that, I have to find the money somewhere and the only place I can find the money is in salaries.

Alderman Shea stated Frank there are certain services we provide to Verizon. Is that correct?

Mr. Thomas answered yes.

Alderman Shea asked how much of that comes out of your budget. How much do you spend to remove things around the Verizon? I believe one year it was predicated that we spend...with equipment because we had to buy new equipment and with overtime it added up to almost \$70,000 or \$80,000 I believe.

Mr. Thomas answered that is correct. Two years ago we got an increase in our budget. Part of that increase was to buy an additional snowblower with the intent of snowblowing the streets a little bit more often around the Verizon Center. We even for that one-year budgeted extra for snow pick up. As I mentioned earlier my snow pick up money disappeared in the FY03 budget so that has gone away. We do now extend our snow pick up when we do the Elm Street area. Normally we...

Alderman Shea interjected just to clarify do we spend any extra money in order to clean up around the Verizon. Is that overtime? Do we spend money for that?

Mr. Thomas stated the snow pick up is on overtime. It is a minor amount compared to the total operating budget. We have cut back in that area. They pick up the snow...

Alderman Shea interjected bottom line how much do we spend. \$50,000?

Mr. Thomas responded this year probably \$30,000 in that area when you consider overtime, rented equipment, etc.

Alderman Shea asked and how much do you plan on spending in your budget for next year. How much do you have allocated for that?

Mr. Thomas answered I don't have that allocated separately.

Alderman Shea asked so you don't have it allocated separately but somehow if you could make some arrangement with them wouldn't that save at least one job.

Mr. Thomas answered any kind of in flow of cash to my budget will save positions.

Alderman Shea asked wouldn't that be a negotiated item. If, in fact, the citizens of Manchester are going to be denied services and the Verizon, which took in \$29.2 million is getting free services wouldn't it make sense for you to say to them look there is a problem we have here and the taxpayers are going to lose out on a certain amount of services at your expense?

Mr. Thomas replied I understand what you are saying but I mean we provide a certain level of service for the entire downtown area whether it is Verizon or...

Alderman Shea interjected I am not questioning that. I am just asking if we are spending any extra amount because of that facility, which you indicated we had previously and you did indicate that you spent about \$30,000 in last year's budget. Wouldn't it make sense for you to go to them and say look we have a problem here. I am going to be short \$266,000 and if we can make up \$30,000 of that maybe I can get the Aldermen to come across with another \$200,000 and that would save seven jobs and so forth. I don't know. I am just using this as a way of...

Mr. Thomas interjected I don't know. I guess I could come to City Hall and ask Leo Bernier to reimburse me for my expenses for cleaning up snow around here. It is up to the Board of Mayor and Aldermen. If you want me to go to Verizon, I will.

Alderman Shea asked is that a contractual thing with them.

Mr. Thomas answered no it is not a contract.

Alderman Shea asked is it just a courtesy that you are extending to them. Is that correct?

Mr. Thomas answered it is a service that we provide for the entire downtown area.

Alderman Shea responded Frank I am trying to pin you down. You said that before but you also said that you spent an extra \$60,000 or \$70,000 the first year and an extra \$30,000 last year to pick up around there. You didn't say the rest of downtown. You said there. Am I correct in that?

Mr. Thomas answered this year the cost to clean up the sidewalks and remove the snow off of that section of Elm Street down to Auburn Street was probably an extra \$30,000. That is correct.

Alderman Shea stated and that had nothing to do with the rest of downtown so let's clarify that. So in your budget this year you haven't separated that but you are assuming, depending on how much expenditure you might have because of the number of storms, that there may be some amount of money that you would have to put into your budget in order to do the clearing around there.

Mr. Thomas responded that is potentially correct.

Alderman Shea stated and that is not a negotiated thing. You are doing that because they are providing a service for the City and I am just saying that if you went to them and asked them if they would kind of help out the City if they would be able to write that off as one of their expenses.

Mr. Thomas replied if that is the direction of the Board, I would be glad to ask them.

Alderman Shea stated well I don't know what the Board's direction is. Maybe they don't want to do that. I am just bringing that up. Thank you, your Honor.

Alderman Lopez stated Frank in looking through this and the presentation if you had to lay-off those seven employees we would have to pay unemployment Have you calculated that figure?

Mr. Thomas answered no I haven't.

Alderman Lopez stated that would be about another \$60,000 or \$70,000.

Mr. Thomas responded I would hope to try to do it through attrition but you are right. If I am forced to lay off people there would be unemployment costs connected with that.

Alderman Lopez asked do you have a breakdown of the number of employees in management in your presentation.

Mr. Thomas answered no but I can tell you how many...

Alderman Lopez interjected how many workers do you have. People who actually go out and do the work?

Mr. Thomas replied I have a total complement in the Highway Department of 182 people. Out of that complement I have...

Alderman Lopez interjected I don't mean to insinuate the other people don't work. I am talking about the people who go out and do the jobs.

Mr. Thomas stated I have 22 that are non-affiliated employees. Out of my field forces, I have approximately 125 people who are working in the field. For those 125 field personnel I have 6 field supervisors. Each one of my field supervisors on an average supervises 21 people. Again, I think if you go through the City and you take a look at supervisory positions to union positions you will see that we have a very high ratio there of employees to supervisors. The rest of my non-affiliated staff is made up of engineers, survey people, and obviously administrative people.

Alderman Lopez stated my final question is your bottom line, if I read this right is, \$519,000 is what you need.

Mr. Thomas answered \$519,000 is what I am saying I am short and I noted that I could come up by reducing overtime, utilizing salary vacancy money for \$253,000 so my bottom line short is \$266,000.

Alderman O'Neil stated my first comment and I wasn't going to go there but I have to play a little bit off my colleague from Alderman Shea. To the best of my knowledge when they do snow removal on Elm Street to Auburn there are two sides to the street so businesses on both sides gain by that as well as when they do Lake Avenue. I think your point is well taken that the building and the facility has spread their snow removal a little further southerly but there are other businesses

that win by that opportunity. I didn't want to debate you so I will move on with my questions.

Alderman Shea stated most of those businesses, if not all of them, pay taxes. Is that correct?

Alderman O'Neil responded you are right.

Alderman Shea stated Verizon does not pay any taxes. That is the difference.

Alderman O'Neil stated Frank I thought when you were talking about the COLA you mentioned 3% and I thought in most of the agreements we agreed to it was 2% for next year. I just want to make sure. Did I misunderstand you?

Mr. Thomas answered no. Non-affiliated and all of the other bargaining units that have settled have settled for a two-year agreement. The first year of the agreement was a 1% COLA and the second year of the agreement was a 2% COLA. I would guess that if AFSME was to look at settling their contract they would be looking at receiving 3% to get caught up with all of the other bargaining units that have settled.

Alderman O'Neil stated well I don't want to speak for my colleagues but I don't believe this Board is going to support that. Hopefully they settle some time soon. I think we are looking at 2% for next year.

Mayor Baines stated we just settled with the Fire Department. There is no retroactive in those contracts.

Alderman O'Neil stated so my question is is that \$178,000 for next year based on a 2% or is that based on 3%.

Mr. Thomas responded that is based on 3% so I can cut that down by 1%.

Alderman O'Neil stated I certainly respect the fact that you don't want to get into the position of saying this is going to be the service cut if I have to lay-off seven employees so I won't ask that question. I am just curious on the reduced overtime. Is that generally based on snow removal?

Mr. Thomas replied yes. It will be in the snow removal area.

Alderman O'Neil stated and we certainly should learn from this past winter...we got kind of complacent for awhile but we certainly saw your people at their best this past winter and I would caution my colleagues on that. I am just curious. If

you did a 24-hour period of snow removal...maybe that is not fair. If you did a night of snow removal any idea what that cost is?

Mr. Thomas responded let me answer it this way. One large storm is approximately \$100,000 and the cost is typically broken up almost 50/50 between overtime and salt costs.

Alderman O'Neil stated I will just end with a comment. I am not sure there is a department in this City that takes more phone calls from the elected officials and provides a great service and I strongly encourage my colleagues that we need to look at doing something to support the department that provides the service every day to the citizens in our City. Thank you.

Mayor Baines stated I just want to remind the Aldermen that throughout this budget process if you have suggestions to make adjustments in budgets relating to expenditures, revenues or other creative ideas to deal with the department needs I would love to hear them other than people just saying well I don't like your number and your number is unfair. I want to remind the Board that last year at the end of the budget process there was a motion that was made in these Chambers to cut I believe almost every department 3% that we defeated. 3% would have cut out of the previous department that was just in here, the Fire Department, over \$500,000 and could have resulted in maybe closing a fire station last year. I think it is unfair for people to be saying they don't like where we are at. I don't like where we are at either.

Alderman O'Neil replied I don't think anyone is saying that. I think when you have to put your budget together you have certain information and I think that is what this process is. I am certainly not critical of it. I am just saying as things come to light we need to...

Mayor Baines interjected and also there is a responsibility at this side of the process for the Aldermen to say why don't we try this or is this an idea and how can we fill the gap or provide more money for Frank. Yes, he needs more money. Every department needs more money. What I am going to do tomorrow, Alderman, at 8 AM tomorrow I am going to ask the department heads to go through their budgets and adjust their recommended number to still be conservative as to what they could do to alleviate the pain that they feel they are going to have with the budget. We will come up with a bottom line of what that will represent and put that against the projected tax increase and then you can work at it because at some point in time we are going to have to come to a conclusion. Is it 5%, 6%, 7% or 8% at this stage of the budget process that you are comfortable with and what is the level of service that you are comfortable with. One final thing that I need to say is that a lot of mayors across this great

region are laying off police officers, firefighters and teachers. It is happening in Portsmouth. It is happening obviously to the south of us down in Massachusetts. We all knew this was going to be a difficult year but I am looking for creative ideas.

Alderman Smith asked, Frank, in other words if the union through negotiation wants to settle you do not have 2% in your budget for that contract. Is that correct?

Mr. Thomas answered I have nothing in my budget for any type of COLA.

Alderman Smith asked could you tell me how many personnel are members of the AFSME union that you cover in the Highway Department.

Mr. Thomas answered again we have 182 and I think I just counted up the non-affiliated...what did I say that was, 22.

Alderman Smith stated in regards to Mr. O'Neil I think if you can get the figures and bring them back to us maybe we can come to some type of conclusion because I am sure that the Mayor and all of us want to settle most of the contracts if possible.

Alderman Guinta stated to give a fair comparison of your budget and a budget that would ease some of the pain for the department heads can we also see what a zero increase budget would...just as a fair comparison. I am not saying that I...

Mayor Baines interjected we can calculate that easily. That is just a calculation. Randy could probably do it right now while we are meeting tonight.

Alderman Guinta asked what is the process to address consolidation issues.

Mayor Baines replied as you know I have put forward...how many Alderman Lopez that have actually gone into some discussion. I think there were three and there was a fourth one that Frank worked on at my request that looked at the consolidation of Highway, PBS, Parks & Recreation and Traffic that Frank projected through his calculations would result in a minimal savings effective July 1 of about \$250,000. I met with the Chairman of the Human Resources Committee and the Chairman of the Administration Committee and I was advised...what was I advised at that meeting Alderman Lopez?

Alderman Lopez responded my advice to the Mayor at the meeting with Alderman Gatsas was that I don't believe there are enough votes for consolidation but if he wanted to bring it forward again, which he did in his budget it is just an issue as to

whether the Aldermen want to take it up again. I still don't believe there are enough votes to do a consolidation of Parks into the Highway Department or Traffic but that is an issue that the Aldermen can take up and get the rebuttal from the Directors of both departments.

Alderman Guinta asked are you saying not enough votes in Committee or not enough votes of the Board.

Alderman Lopez answered I don't think there are enough votes on the Board.

Mayor Baines stated and also we cannot, under the Charter, deal with consolidations during the budget process. What I asked for during my budget message was to at least initially wrap up the budget process and then focus on that menu of other options that I presented to you. I know that people don't want to consider it...

Alderman Lopez interjected one other thing I would like to mention about that is every Board member here realizes and the Mayor is absolutely right whether we disagree or not it is the point that we went through the Youth Services, Elderly and Health consolidation and that hasn't been taken care of yet. My advice would be continue to put these on the table and we still continue to work weeks and weeks on consolidation. Whether I am for it or not makes not difference but it is a lot of time and effort and money and wasted time by department heads to do this if the votes aren't here. You need nine votes and you don't have them.

Mayor Baines stated I will give you an example. Economic Development, Planning and Building worked on one that they all supported and that was basically dead on arrival when it landed here too.

Alderman Guinta stated I can certainly understand the frustration but I remember a month or six weeks ago you were practically begging this Board to look at the School design-build project before they said to themselves they were against it. There was a feeling going into that process that it wasn't going to get the 10 votes and if the process continues and some savings continue to be found, you may actually have 10 votes for that project and maybe that is an example that we should consider in the consolidation process. I am not looking to cut jobs and forget about people who are current employees of the City but I do think that we have a responsibility to the process itself and to the taxpayers to at least research alternatives. I have to think...say you get rid of 25 people in the City and it saves X amount of money. Between the 15 of us you don't think we could get those people jobs in the private sector? I think we could. I really think we could. You use the Office of the Mayor. You use the influences that you have as an Alderman to place those positions. We should consider things like that.

Alderman Lopez stated it is great for you to say it but I am going to tell you that if you go around and ask your colleagues whether they are for consolidation and they know all the information. They have received all of the information. To waste people's time – the hours that the HR Director and Mr. Thomas and everybody else has put on this I think we are just going nowhere. The Mayor can present it again to Committee and he has been told that. If he wants to present his full plan to the Committee and he wants the Committee to meet we will go through the process as we did before when my own Committee and I am not chastising them or anything but my own Committee voted for it and then voted against it. Everybody has as has been said many times a lot of friends in the City of Manchester and just because one department head indicates that he is going to save \$250,000, the question is how are you going to save that \$250,000. By either letting someone go that has 20+ years of service in the City or whatever the case? I am not going to get into that right now but I am just saying that there is a factor of loyalty and respect for the employees of the City of Manchester. Just because somebody indicates that they are going to save that type of money doesn't necessarily mean that he is going to save that amount of money. Those are the things that you have to flesh out.

Alderman O'Neil stated not to keep this discussion on consolidation going but when you look at the numbers in Planning or Building or Health they are minimal. That doesn't mean that we don't do them. When I look at a minimal savings in combining Highway, Parks and Traffic and in my opinion there is duplication of service and I see \$289,000 minimal I believe that number is closer to \$500,000 once it is fully implemented without anyone getting hurt. That is the consolidation that makes the biggest difference dollars and cents in this City is that merger and that is typical of what happens in other cities is that consolidation. We have duplication of service by those three departments.

Mayor Baines stated I gave the example during my budget message of that plowing at that street corner. Again, we could go on and on about this. I will come back and I will say this one more time and you are going to hear me say it over and over again. Responsible recycling or bag and tag, whatever you want to call it, the \$2.3 million issue is staring you right in the face. No one wants to deal with it but sometime there is going to be a law passed and you are going to have to deal with it and I believe the people in this community are willing to participate in that as they have with the leaves. Somebody said the other night you are paying to get rid of your rubbish. No you are not. We are paying to get the solid waste out of the stream. That is what you are doing with that. You can scale it back. You are choosing between Police and trash, Fire and trash, Highway workers and trash, service and trash. That is a very clear answer to me and the community would respond to that but you have to have some political courage to do it. I have the

political courage to do it. If you want to adopt it and blame me, I will be glad to accept that responsibility. That wipes out all of the problems that we are going to have talking to all of these departments today and by the end of the day if the adequacy grant number comes through and the tax base number increases we are out of this budget cycle in a fairly efficient way. So there are lots of things you can look at as opposed to just saying I don't want to do that and I don't want to do that but by the way I don't want the taxes to go up either. You can't have it both ways. If we are going to have services we are going to pay for them or we are not. Frank, do you have anything more to present on your budget?

Mr. Thomas stated I have just one more statement and then we can get on to Building Maintenance. I just want to follow-up on what Ginny Lamberton said. I raised some concerns about my benefit costs. My health line item is actually less than this year. I have met with the Mayor's Assistant and the Finance Department and I pointed out my concerns and I was assured that if there was a problem we would be able to cover it with a reserve. Again, I did want to let you know that I did have concerns over the level of funding of my benefit line item.

Alderman Forest asked, Frank, the drop-off area and I know I have some concerns about that but the people who work there are they paid for by Waste Management or are they paid for by your department.

Mr. Thomas answered they are City employees, however, the drop-off operation up there is a break-even operation. We actually make a little money. The fees that we charge up there cover our costs of labor, disposing the material and hauling the materials out there. That is a break-even operation.

Alderman Forest asked if they opened up every Saturday instead of every other Saturday, what would that cost be to the City or to your department. Would that increase people going down on the weekends?

Mr. Thomas answered I am sure there would be more participation but I would have to say to myself are we going to be generating any new revenue because I think that typically the people that go to the drop-off area are going up there because they have a bundle of material or they have a pick-up truck and they are cleaning out there basement so whether you open on a weekly basis or every other week I am not sure if the volume is going to increase and again the volume is what pays for that operation so going to a weekly every Saturday operation I would guess would end up costing the City more money.

Alderman Forest stated the biggest complaint I get in my ward from my constituents are that it is closed on Saturdays when they want to go and on weekdays they close too early so I figured maybe that would generate some more revenue by doing that. That is a suggestion that I have.

Alderman Garrity stated, Frank, getting back to the bag and tag earlier in your presentation you stated that there was a 25% increase in solid waste over the past five years. I don't need the answers tonight and I know, Mayor, that I am not supposed to direct City staff but I would like to know if we went from every other week recycling to weekly recycling what the contract cost would be for that and I would also like to know what the estimation would be for the reduction in solid waste. I think a lot of people in the City don't recycle because it is every other week.

Mr. Thomas replied we have that price.

Alderman Garrity asked are there any savings in solid waste disposal.

Mr. Thomas answered I can get you that information. As a matter of fact I have that number on my desk. The question came up during the budget process if we went to weekly recycling without a pay as you throw program. Off the top of my head I think it is an additional \$400,000 a year but don't quote me. I will get back to the Board on that number.

Alderman Garrity asked are you saying that there is no savings to the City at all because we are obviously probably going to have a reduction in solid waste.

Mr. Thomas answered weekly recycling will reduce the amount of trash. You will increase your recycling effort because you are right. There is some reluctance from people to hold their material for a two-week period. Some people spend a lot of energy recycling may run out of space in a two-week period and unfortunately they will throw the material away. You will see an increase in the amount of solid waste that gets recycled by going to a weekly program. We will try to put that estimate together. It may be a little difficult to quantify but we will give you our best estimate.

Alderman Garrity stated the fact that the solid waste disposal has changed from Auburn to Londonderry, has that increased the man-hours or the cost at all.

Mr. Thomas answered not it hasn't. Actually that was a concern of ours when Waste Management first proposed it. Actually it is being done on a trial basis. We did go to Londonderry prior to the Auburn facility being built. So far it has worked out well. We are actually given priority treatment down at that location.

Waste Management has a long-range plan to expand that facility down in Londonderry. The only concern, quite frankly, that I had is there is a little bit more highway driving with our packers that are getting old but we are going to monitor that. Right now we don't see any negative impact in going down there.

Alderman Garrity asked and there is no fiscal impact by going down there.

Mr. Thomas answered that is correct.

Alderman DeVries stated I am not sure who is left here that might want to answer but you made a comment, Frank, that the insurance fund is going to need to pay for your workman's compensation cases and I just want to follow that through. Would it be Randy or maybe Ginny...the insurance fund needing to pick up the cost for workman's compensation settlements in the Highway Department budget, are there monies to pick that up?

Mr. Sherman responded the workman's compensation reserve fund is close to \$1.5 million right now. The deal has always been that the departments try to absorb those dollars and if they can't those dollars come out of that fund.

Alderman DeVries asked so that is something that we should be looking at probably for all three of those departments – Police, Fire and Highway.

Mr. Sherman answered they are all...we have had these discussions with every department.

Alderman DeVries stated I have a comment rather than a question. I heard you also say in your presentation that we have added 10 miles of new roads in the City and I would be willing to bet that a fair portion of those new roads are sitting down in my road. I know what a difficult year it has been to provide the snow removal service as well as keep up with those roads. Your crews are stretched. We have added new roads but we have not added new drivers. The same drivers push and I hear about it because I hear the complaints about the forgotten roads. I know that you have been in front of this Board...this is my second time through but I have heard from other Aldermen who have been here longer that you have never ever said that you could not make due with the budget presented to you in a decade.

Mr. Thomas responded that is correct.

Alderman DeVries stated so this is the first time you are in front of this Board saying you are in trouble and that you have been cut too lean and too bare. I would like to echo Alderman O'Neil's sentiments that we need to do something.

It is very important that we open up a new fire station, absolutely. It is just as important that we provide the rudimentary services that Highway represents. My constituents want their roads and they want their trash picked up. They do not want to worry about whether five walks around the Mall of NH are appropriately cleared or if they have to walk out in the street and dodge cars. It is just as important and we have to do something whether it is coming back and looking at...I realize it is not a revenue that can go to the operating funds but the nickel that you presented last year to increase the registrations...you know it is not palatable but we have to go somewhere for Highway because it is not acceptable.

Mayor Baines asked what is palatable. What is palatable to the community? That is an interesting question. All of the communities that I am tuned in to and following in the media they are looking at increasing revenues and charging additional fees for services and consolidations. They are dealing with all of these things to minimize the impact on services. Forget that that is happening. They are also laying off people. So, we have a difficult job to do. Can we find out where the middle ground is? I think we can do it if everybody rolls up their sleeves as I said during my budget message. We are losing the attention of people and I think we need to be cognizant of time. We have had a late night and we have far to go in this process.

Alderman Lopez stated I would like to say that revenue, expenses and taxes is what it is all about and if we could just get the bottom line for Building Maintenance on what you need then the department heads are going to come back and give us what they requested and what they want to request and then I think we ought to call it a night.

Mayor Baines replied I agree. Barbara, your report is going to be very brief.

Ms. Barbara Connors stated I am going to be very brief. The budget does not provide for a cost of living increase associated with affiliated positions. Nine of the fourteen positions in my department are affiliated. That would come out to I am guessing around \$12,800. There are no building maintenance funds for the Rines Center maintenance. There is no custodial maintenance for Veteran's Park. The plumber position has been partially funded. That is supported by the Board of School Committee. The Aramark/ServiceMaster contract is increasing by 3.8%. the bottom line is that we need a total of \$123,695 in additional money.

Alderman O'Neil stated I have a question with regards to the position for the plumber. Is that included in the School Department? Is that part of the chargeback? Is that in the Mayor's number to the School District?

Ms. Connors responded yes. The School Department budgeted \$35,810.

Alderman O'Neil stated so that covers that position. What about the increased cost for Servicemaster?

Ms. Connors replied I had to take that out of my other special projects line item. That is the line item that we maintain for pieces of equipment that breakdown to get them repaired.

Alderman O'Neil responded you didn't answer my question, Barbara. Is that part of a School chargeback?

Ms. Connors replied partly. We are replacing equipment in the schools a lot quicker than we are in other City buildings. It is not an equal...

Alderman O'Neil interjected but a majority of that contract has to be schools doesn't it.

Mr. Thomas replied the Servicemaster increase is covered in the chargeback to the schools. What Barbara is saying is that in order to find that CPI adjustment she had to raid her special project line item. That special project line item replaces or does repair work over and above \$1,500. That line item is split between the schools and other City buildings.

Alderman O'Neil stated I guess my question is are those two items, the Servicemaster CPI and the plumber washes because they are included in the School District's number already. We have to carry it here but is it paid back from the School District? That is my question.

Ms. Connors replied on the custodial side for the Aramark contract we are looking at 96% being the schools.

Alderman Smith stated I have two questions.

Mayor Baines stated my plan is to have a special meeting of the Board of Mayor and Aldermen next Tuesday night to deal with the school bonding issue because it is critical that we move that along to get the shovels in the ground to get the work done this summer so that is my plan.

Alderman Shea asked is that the design-build, your Honor.

Mayor Baines answered yes.

Alderman Smith stated I see you are in a hurry to do the Rines Center. This is newly renovated is that correct?

Ms. Connors responded it hasn't been renovated yet. It is in the process.

Alderman Smith asked who is doing the building maintenance at this time.

Ms. Connors answered we are.

Mr. Thomas stated the building maintenance is being done by our department, however, the Health Department has been picking up some of the utility costs. I wanted to point out that that number up there that has been identified, that is just for maintenance issues. That does not cover utilities. The utilities were being requested in the budget process through the Health Department.

Alderman Smith asked in regards to the Parks comfort station how come that isn't with the Parks & Recreation Department. I imagine we are talking about the new convention center and comfort station that is attached to it?

Mr. Thomas answered yes it is the Visitor's Center. It was redone. The intent in this year's budget was to get an appropriation. There was no appropriation. The money to run that facility or the cleaning of it came out of the City Clerk's budget for part of the year and now it is in our budget but it has never been funded per say. As far as Parks, they at one time did the cleaning.

Ms. Connors stated yes Parks used to do it and I guess due to a budget cut they weren't able to do it anymore.

Alderman Smith stated so to follow-up you really absorbed probably \$43,000 in new additions between the Rines Center and the comfort station. Am I correct, Barbara?

Ms. Connors responded yes.

Alderman Shea asked Frank this past year did you set aside any money for COLA for the employees. In the FY03 budget?

Mr. Thomas answered in my FY03 budget I set aside a 1%. What I did is I took it out of some of my other line items.

Alderman Shea asked so it is still in there.

Mr. Thomas answered it will get turned over to the City as a fund balance at the end of the year.

Alderman Shea stated even though we had a hard winter and you were cut back are you going to be able to turn something back into the general fund. Is that what you are saying?

Mr. Thomas answered yes.

Alderman Shea asked do you have any idea how much that might be at this stage.

Mr. Thomas answered probably a couple of hundred thousand dollars.

Alderman Shea stated so you are going to turn back a couple of hundred dollars from this year's budget because why. In other words, how did you save that much money? You are a magician as well as something else. How could you do that when we had the winter we had?

Mr. Thomas replied first of all in my operating budget I budgeted 1% for COLA. I put money into salaries out of expense line items to cover worker's compensation settlements. Our vacancy rate because of hiring freezes and increased formalities in filling positions averaged about nine positions instead of my average of six. If you add all of those things up, that generated a surplus in my salary account.

Alderman Shea stated I know that Randy is going to say that that extra money has to go into the general fund and can't be carried over but maybe we can be creative enough to say to Randy find a way that we can use the money you are going to turn back in order to refund your needs for this coming year. I am not sure exactly how you can do it, Randy.

Mayor Baines responded you can't do it.

Alderman Garrity stated the custodial maintenance at the comfort station, I thought when that was converted to the Visitor's Center wasn't that going to be picked up by the Chamber.

Ms. Connors responded they operate the center but the don't do any cleaning.

Alderman Garrity asked they operate the center but they don't do any cleaning in the comfort station itself.

Ms. Connors answered correct.

Mayor Baines stated I have a couple of closing comments. Remember last year when we did the budget we eliminated salary adjustment and had the departments absorb the numbers. We will get through this.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

City Clerk